Russia's budget

A scramble to plug the gaps

Page 2



Global warming

Coal fires the climate debate



FRIDAY DECEMBER 5 1997

Repos and Strips

Wraps off the gilts market

Survey, separate section



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The Marco Pierre White and Granada merger: who's taking orders now?

WORLD NEWS

Dublin in offer over Ulster 'right to decide' amendment

The Irish government is prepared to enshrine in the republic's constitution the right of the majority of Northern Ireland's people to determine their future. Page 14; Peace talks, Page 10

New Mobutu probe arged Switzerland wants banks to reexamine accounts after the government of Congo, formerly Zaire, suggested larger sums may have been deposited by the late President Mobutu Sese Seko than first thought. Page 8

Disagreements between Europe and the US over how to handle Iran are seen by the Clinton administration as the thorniest of the issues to be touched on at the US-EU summit in Washington. Page 6; Editorial Comment,

Nazì gold inquiry widens The inquiry into looted Nazì gold will be widened to cover other assets which, in the case of sto-len artworks, is likely to embarrass Russia, the Vatican and France. Page 2

UK warned on beef blo Brussels will take legal action against the UK if farmers' beef blockades continue to damage cross-border trade, EU transport commissioner Neil Kinnock said.

Hopes over climate deal Negotiators at the climate change talks in Kyoto are optimistic a deal will be finalised by ministers, despite a European attack on Japan's performance as host to the 160-nation talks. Page 8

Car competition fear Competition in Europe's car market is set to intensify if embattled Asian manufacturers redirect to Europe output intended for domestic buyers. Page 3

French recovery gathers pace The French economy could grow 2.5 per cent this year, said economy minister Dominique Strauss Khan. Page 2

Second indian poli India's 600m voters will go to the polls for the second time in two years after the decision by president K.R. Narayanan to dissolve the country's fragmented parliament. Page 14

Air safety proposals US authorities have proposed safety measures they say could eliminate the possibility of fuel tank explosions such as the one suspected of having destroyed TWA Flight 800.

BUSINESS NEWS

DMG to reduce equity offices in Thailand. **India and Korea**

today become the latest invest-ment bank to cut back in Asia with plans to retrench on equities operations in Thailand, India and Korea. Page 15

Lufthansa of Germany became the fifth airline to announce it would buy planned new versions of the Airbus Industrie A340, but the launch of the aircraft is being

delayed by the UK's refuctance to finance its development. Page 3 Bank of France has given a frosty reception to finance minis-try plans to issue index-linked bonds. Page 2

Publicis, the Paris-based advertising agency, upped the stakes in its feud with True North of the US by launching a partial takeover bid which values the company at just over \$700m.

Long-Term Credit Bank of Japan took the unprecedented step of revealing detailed estimates of its exposure to the Japa-nese stock market. Page 15; Honesty policy, Page 16

Kodak of the US is considering an anti-dumping suit against its competitor Fuji of Japan if a World Trade Organisation com-mittee fails to call on Japan to reform its domestic distribution and pricing practices. Page 3

Reuters, the financial information group, ended its search for a means of returning excess capital to shareholders by announcing a capital restructuring that will allow it to distribute \$2.5bn. Page 15; Lex. Page 20

Russia is on the verge of unveiling a financial package to cope with the global turbulence that has shaken its fragile market economy. Page 2

e**prom,** Russia's gas monopoly, plans to raise between \$9bn and \$12bn of debt and equity capital before the end of the decade. Page 18

Veba, the German industrial group, announced a restructuring of its trading, transport and services division that will include a stock exchange listing next year for up to 49 per cent of its Stinnes subsidiary. Page 18

The Canadian military's attempts to procure 15 search and rescue helicopters from Westland-Agusta, the UK-Italian consortium, could be frustrated again by the federal cabinet's concern about allegations that

FANTASY FORECAST

Where will the markets end?

Starts tomorrow in the Weekend FT

Markets



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Turkey tries to tackle inflation

Cuba's new sugar minister Page 22

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GEC Alsthom set for \$6bn flotation in the spring

Sale will generate resources for both parent companies

By Alexander Nicoli and Andrew Edgecliffe-Johnson in London and David Owen

GEC Alsthom, the French/British power engineering and transport joint venture, is to be launched on stock markets next spring in an international offering that could value the company at \$6bn-

Under an agreement announced yesterday between General Electric Company of the UK and Alcatel Alsthom of France, each will retain 24 per cent in what is now a 50/50 venture, with the remaining 52 per cent to be listed on the Paris, London and New York exchanges as a French

The sale will generate resources for both parents to invest in what they see as key businesses - in GEC's case, defence electronics and other industrial businesses, and for Alcatel, telecommunications and defence interests

Serge Tchuruk, Alcatel chairman, said he wanted GEC Alsthom, which makes the high-speed train à grande vitesse, to "take its destiny in hand". In the year to March 31, 1997, GEC Alsthom, which has headquarters in Paris and which employs more than 81,000 people, had net

income of Ecu244m (\$273.28m) on sales of Ecu9.44bn.

Mr Tcburuk described the planned sale as the second act in reshaping that would see Alcatel refocus on its core telecommunications business while retaining important interests in the defence, transport and energy

The first decision came nearly two months ago, when France's Socialist-led government announced Alcatel's involvement in the creation of a national defence group centred on Thomson-CSF, the state-controlled electronics company. For GEC, the offering will be

the first significant step towards enacting a re-shaping planned by Lord Simpson, managing direc-tor, who wants the group to shift focus from joint ventures and towards businesses with high growth prospects, which it can control itself. Lord Simpson described the

agreement to launch Alsthom as a "perfectly satisfactory outcome". It was reached after negotiations following the announcement of GEC's strategy in July. GEC's initial intention to demerge Alsthom, distributing stock to GEC shareholders, was replaced by the plan to retain equal minority stakes when it





South Korea's IMF deal and **US** bond rally lift markets Simon Davies in London of the monthly employment this is a turning point. We have report for November World markets had got off to a from the US and a Japanese eco-

Soccer supporters in Marseille wave national flags ahead of a match between Europe and the Rest of the

World preceeding the draw for the World Cup finals to be held in France next year. Breaking with tradition, the teams were partly grouped by region rather than performance. Report, Page 11 Polary Regions

and John Labate in New York

World stock markets rebounded strongly yesterday, supported by confirmation of a \$55bn International Monetary Fund rescue package for South Korea and a rally in the US bond market.

The US long bond yield fell below 6 per cent yesterday morning for the first time since 1996. Although afternoon bonds came off their morning highs, falling market. By early afternoon the showed significant declines. blue-chip Dow Jones Industrial

"A lot of attention is on the mentation of Korea's IMF packbond market today," said Hugh age. The country is holding presi-Johnson, chief investment officer dential elections and the new at First Albany.

By midday the long bond had lost some of its gains, with the vield at 6.009 per cent. But many make another attempt at lower yields today following the release

CITIL

good start following the announcement on Wednesday of the world's largest IMF rescue package for Korea. The Korean index advanced 7 per cent. Stock markets recovered

throughout much of east Asia. Hong Kong's Hang Seng Index was 267.36 points higher at 11,474.94. And there were signs that investors' risk appetite was returning, as yields in the batbullish sentiment in the stock tered emerging bond markets Industry which reported weaker However, analysts warned of

president will not be in place

until February. Mark Cliffe, chief international economist at HSBC Markets, analysts expect the market to said: "The markets have been gloomy for so long that they were due a bounce. But I don't think

the non-farm payroll numbers nomic package yet to come."

Markets rallied in most of

Europe, and the FTSE Eurotop 100 index climbed just over 1 per cent. The UK was one of the strongest performers. The FTSE 100 index surged 111.6 points to 5,082.3 yesterday, encouraged by the announcement of share buybacks from Reuters and GEC.

There was reassuring news from the Confederation of I than expected retail sales data. Investors were also relieved that index had gained 39.04 points at potential volatility, given the 8,071.05. political impediments to implepolicy committee did not raise interest rates. The gilts market benefited, with the March futures contract gaining 1/2 to 1204.

But Richard Kersley, chief European equity strategist at BZW, warned that the volatility in east Asia could still affect market sentiment.

S Korea markets soar, Page 4

CITICORPO'

Lord Simpson: new focus Swiss banks hold merger discussions

By William Lewis, William Hell, Clay Harris

Union Bank of Switzerland and Swiss Bank Corporation, two of the country's top three banks, have held merger talks, people close to both companies said yes-

The talks are thought to have centred on three options: a full merger, which would create the world's second largest bank with assets of nearly \$600bm; a merger excluding UBS's equity operations, which could be sold to a third party; and a merger of Swiss retail banking interests.

A full merger would lead to considerable overlap in domestic Swiss banking operations and European investment banking businesses. It would create the world's largest fund manager and private banking operation.

it was unclear last night how far the talks had developed, but some people at both banks expected an announcement as early as today. UBS, whose board is meeting today in Zurich, and SBC declined to comment.

Both banks need to sort out marginally profitable retail operations in the heavily

Continued on Page 14

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Bank of France attacks bonds plan

and Edward Luce in London

The Bank of France has given a frosty reception to plans by the Finance Ministry to issue index-linked bonds - the first in continental Europe.

Jean-Claude Trichet, governor of the Bank of France, attacked the suggestion, saying "the Bank of France will study this idea very closely".

He said "the rule in France is non-indexation" and indicated that the bank had asked the Finance Ministry to rethink the proposal. The bank is likely to prove

German

Germany's economy grew

steadily in the third quarter.

But the recovery remained

imbalanced with strong

exports and rising productiv-

ity giving a boost to business

investment, while unemployment grew and workers'

incomes and consumption

For a second quarter.

gross domestic product

increased by a real, seasonal

and calendar adjusted 1 per cent compared with the pre-

vious three months, the fed-

eral statistics office reported.

Günter Rexrodt, the eco-

nomics minister, said yester-day's data provided the first

signs that Germany's boom-

ing exports were beginning

to strengthen the domestic

demand needed to cut unem-

ployment. The figures

suggested that growth this

year would be around 2.5 per

cent as forecast by the gov-

GDP advanced by a real

2.4 per cent in the third quarter compared with the

same 1996 period after year-

on-year growth of 3 per cent

in the second quarter. The

growth slowdown was more

apparent than real, however:

the number of working days

in the third quarter was

about the same as in the

equivalent 1996 period,

whereas there were two

year's second quarter com-

Yesterday's third quarter

recovery. Exports of goods

and services were 13.3 per

cent up on the year before

in plant and equipment grew

by 5.2 per cent - the fastest

third 1996 quarter while income from business activ-

ity and assets rose 13 per

61,000 from the second quar-

ter and was 461,000 below

the 1996 third quarter. Pro-

ductivity. therefore, increased by 3.7 per cent

compared with 12 months

before, triggering a 24 per

cent fall in unit labour costs

CERMINY:

FRANCE

SWEDEN:

the sharpest fall since Ger-

Total employment fell

rate of growth since 1992.

ernment in January.

stagnated.

growth

difficult to win over, but the matter will have to be resolved quickly to defuse the political fall-out from such a public difference of

The Bank of France apparently had no prior notice of finance minister Dominique Strauss-Khan's plan, aimed at reducing the burden of servicing the country's debt, which will cost FFr282bn (\$39.3bn) this year. The issue of bonds is strictly a Treasury matter but it would be courteous to inform the bank - especially as it is responsible for monetary

country in continental Europe to issue index-linked bonds if it went ahead as planned with the launch in the first half of 1998.

The bonds, which pay a coupon linked to the rate of inflation, are considered to be a strong statement of confidence in the government's ability to control long-term inflation.

"What France is saying is that it is confident inflation will remain low after it joins European monetary union in January 1999," said Mark Cliffe, chief economist at policy to fight inflation. HSBC Markets in London.

ventional bonds, which fluc- suading investors to choose tnate with short-term interest rates, investors in as the European benchmark inflation-linked bonds are in euro-denominated bond assured of a real as opposed to a nominal rate of return on their holdings. The government, in turn, hopes to

remains low. Analysts, however, say the move is also designed to bolster France's competitive index-linked bonds is the lat- with pension funds and life position against Germany in est move by France to stay advance of monetary union. ahead of Germany," said France has recently intro- Graham McDevitt, bond anaduced a number of initia- lyst at Paribas Capital Mar-

lower its cost of funding by

ensuring that inflation

the French government bond in the French government trading after 1999.

Other initiatives include France's announcement last although the US only introyear that it would re-denominate all government debt year. into euros in January 1999. Germany and others have since followed suit.

"The decision to launch tives in its government bond kets in London. "It is liabilities.

Unlike investors in con- market in the hope of per- designed to give investors more choice and flexibility bond market."

Of the other leading mar kets, only the US and the UK issue index-linked bonds duced the instruments last

In the UK, where about 15 per cent of government debt is index-linked, the bonds are a popular instrument insurance companies. Investing in the bonds enables the funds to match long-term assets with their long-term

French economic recovery gathers pace

shows imbalance

The French economy could grow 2.5 per cent this year, Dominique Strauss-Khan, economy minister, said yesterday.

By Robert Graham in Parls

This means that France and Germany, the two key partners in Europe's single currency project, are almost at exactly the same stage of

quarter after 1.1 per cent in the previous quarter. Mr Strauss-Khan's forecast compares with the govern-

2.2 per cent. In recent weeks Mr Strauss-Khan has consistently said the economy is recovering more robustly

0.9 per cent in the third they warn that while domestic demand will continue to cent. At least one is downwill be less dynamic. The third quarter figures already ment's official projection of reveal a slowing in the rate of increase in exports to 2.4 per cent from 5.3 per cent in the second quarter. This trend, combined with the

Russia: vi ups and downs of market economics

1998 official forecast of 3 per improve next year, exports grading projections to 2.7 per

Until this last quarter the recovery has been strongly export-led. But there is now solid evidence of underlying domestic demand. Household consumption increase impact of financial turnoil 1.1 per cent in the third Private economists con- in Asla, is leading several quarter when it was stag-

France's economy grew at firm the minister's view. But economists to question the nant in the second. Investment showed signs of picking up. After being negative to the tune of 1.9 per cent in the first quarter, and then growing 0.4 per cent in the next, in the third period it

was up 1.9 per cent. Reinforcing the picture of recovery in domestic demand was a rise in imports by 3.7 per cent in

Storm tactics as Russia tries to ride out the economic gale

Moscow needs big loans to plug its finances and shore up the rouble, report Chrystia Freeland and John Thornbill

hen Soviet managers wanted to fulfil their plans on time they would often resort to shturmovshchina – or storm work. A looming deadline would spark lackadaisical workers into a frenzy as they rushed to build that bridge or produce that extra tonne of nickel.

Such practices may have made the rickety Soviet command system tick over but extra working days in this they are hardly a way to run a modern economy. And yet pared with April to June last Russian public finances appear to be run on precisely this principle. In the past few days the figures highlighted the uneven nature of Germany's

Russian government has been in "storming" mode, desperately trying to plug a hole in its finances and pay per cent higher. Investment wage arrears to federal workers by the end of the year as President Borls Yeltsin has promised.

But spending on construc-The challenge has been tion fell 4.8 per cent comcomplicated by repeated pared with the 1996 third clashes with parliament and quarter. Public sector conthe recent turmoil in the sumption grew minimally by world's financial markets. 0.4 per cent and private con-The communist-dominated sumption fell 0.3 per cent. lower house of parliament imbalances were also clear has been frustrating the passage of the 1998 budget. in the income statistics. Germans saved only 8.9 per cent which the government next year. of disposable income in the argues is essential to put quarter, down from 9.3 per finances on a sounder footcent the year before. Gross ing. Ministers have had to spend their time cajoling income from employment. accounting for 67 per cent of unruly MPs rather than national income, feli 0.3 per addressing their mounting cent compared with the financial concerns.

the parliament is still at loggerheads with the govern-

ment, said yesterday it would vote against the first reading of the budget today. But even if the Kremlin does push through the budget in short order, its woes will hardly be over. The govcollection this year has meant it is still unhealthily and foreign borrowing. That has left Moscow vulnerable to the Asian contagion. which has badly infected

domestic debt. The government fears

there could be a further Foreign money is already flooding out of the domestic debt market, pushing up interest rates and pulling down the rouble. That instability has already prompted ordinary Russians to buy dollars, threatening a possible devaluation of the rouble

ting off access to cheap ment's credibility would be cerned," said Dirk Damrau, international capital and shattered and Russia's hard- head of research at Renaiswon stabilisation programme would be set back months, if not years. Because that prospect is so

swirl in this vicious circle. bleak, the chances of avoiding it may be correspondingly high. Russian officials have already visited Washington to sound out IMF and World Bank officials about accelerating disbursement of big loans. This week, the Russian government approached a group of foreign commercial banks in adds \$640m to the govern-

'Although it seems improbable, the government has demonstrated an amazing capacity to After months of fighting, solve insoluble problems'

The communist party, and foreign exchange \$2bn in emergency financwhich dominates parlia- reserves have been rapidly ing. running down. Sergei Dubinin, the central bank governor, revealed this week international reserves had fallen to about \$18bn, implying the bank has spent more ernment's poor record of tax rouble in the past two weeks.

Any devaluation of the much of Russia's fragile banking sector and turn the redenomination of the rou-Russia by temporarily cut- into a rout. The govern- foreign investors are con- ise," he said-

In an effort to restore calm on the financial markets, the central bank has raised the refinancing rate from 21 per cent to 28 per cent and announced a more flexible than \$3bn in defence of the trading regime for the rouble. Mr Dubinin said he was prepared to raise interest rates further to defend the dependent on both domestic rouble would bankrupt rouble and would let the government debt market rise to its equilibrium level.

"I am confident we are at

based investment bank. "But yields on the treasury bill there is still the risk of a market, which rose to 41 per mistimed domestic run on the currency."

Treasury bill yield

Economists predict the recent rise in interest rates will steady the rouble in the short run but argue this policy will become self-defeating after a certain point. ING Barings calculates that every percentage point increase in interest rates ment's domestic borrowings costs over the year. High real interest rates will also choke off economic growth, further reducing the government's revenue next year.

Given these pressures on. its runaway public finances in a more systematic way next year.

But for the moment, he thinks the government's "storming" should enable it to pay off wage arrears by January I, "Although it does seem improbable, the government has recently demonstrated an amazing capacity to solve insoluble problems. So I would not rule out that the government ble, planned for January 1, the turning point as far as will fulfil this latest prom-

Moscow to unveil financial package

By Chrystia Freeland in Moscow

The Russian government is on the verge of unveiling a financial package to cope with the global turbulence which has shaken Russia's fragile market economy, Victor Chernomyrdin, the Russian prime minister, said vesterday.

In a further effort to reassure amxious investors, the premier insisted that the Russian government was in full control of the economic situation.

"Today we completely control the situation," Mr Chernomyrdin said. "The basic financial strategy for the near term...is almost ready. We do not need massive financial support, such as that which was given to South Korea."

In jittery markets, official assurances that the situation is "under control" often have the opposite effect. However, yesterday the prime minister's pledge coincided with a 6 per cent cent earlier in the week, dropped sharply.

Analysts attributed the tentative improvement to the central bank's recent decision to raise interest rates and its assurance that it would help Russia's biggest banks to weather the international economic storm.

"I feel cautionsly optimistic," said Par Melistrom, head of research at Brunswick Brokerage, a Moscowbased investment bank.

The ministry of finance sought to offer longer-term assurances of Russia's solthe budget, Andrei Ilian vency by telling investors lonov, director of the Insti- yesterday that it was not tute of Economic Analysis, rusing expensive, rouble-de-The central bank's gold Moscow to arrange up to an independent think tank, nominated bonds to finance argues the government with the budget deficit. Investors esserves have been rapidly ing. interest rates on the domestic market could break Rus-

sla's budget next year. Bella Zlatkis, head of the securities and financial markets department at the ministry of finance, said the government was only using the domestic bonds it was selling now to retire old debt. She said the government would again begin financing its budget deficit on the domestic bond market only after rates dropped to 20 per cent.

to back euro

Sweden's leading opposition parties yesterday urged the government to abandon its wait-and-see approach to European economic and monetary union, warning that the country risked isolation by refusing to embrace the

Sweden urged

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single currency.

The Moderate and Liberal parties, which could form a coalition to challenge the ruling Social Democrats after next September's general election, said Sweden should join Britain in making a positive statement over future participation in the euro.

Carl B. Hamilton, chief economics spokesman for the centre-right Liberal party, added that Sweden should become a founder member of the single currency in 1999. The Moderate party, led by Carl Bildt, has called for a referendum in 1999 on the single currency and has vowed

to campaign in favour of Sweden's membership. But Erik Asbrink, finance minister, told parliament yesterday that there was little public support for Sweden becoming a founder member of the single currency. He indicated that the government would not decide on Swedish participation in the euro before the beginning of 1999. Presenting a bill on Sweden and Emu, he emphasised that the country would keep the door open for a later entry – but only if the policy was endorsed in an

election or referendum. ■ GERMANY'S SPD

Schröder plea for flexibility Gerbard Schröder, the German Social Democrat contemplating a possible run as chancellor next September, sought yesterday to emulate the success of Tony Blair with a speech to his party's conference that clearly ech-

oed many themes adopted by the UK prime minister.
The emphasis by Mr Schröder – premier of the state of
Lower Saxony – on self-achievement, job creation through labour market flexibility, and a restricted state, contrasted sharply with the passionate leftwing agenda set out by Oskar Lafontaine, SPD chairman and the other possible chancellor-candidate.

Warning of the need for the party to rally around a vote-winning agenda ahead of next year's federal elections, Mr Schröder insisted: "If we don't make it this time, then we ourselves will be to blame". The SPD chooses its chancellor candidate after state elections in Lower Saxony next March, which will give an important indicator of public support for Mr Schröder.

But Mr Schröder faced public criticism from the party's left wing, which urged support for a shorter working week. Highlighting the particular problems of red-tape in Germany, Mr Schröder claimed 95 per cent of specialist tax literature published worldwide was in the German Ralph Atkins, Hanover

DANISH CONTROVERSY

Immigration rules tightened

Denmark's Social Democratic Party-dominated minority government, worried by a surge in support for the rightwing populist Danish People's party, yesterday announced measures that will make the country less attractive to immigrants.

Refugees and immigrants who cannot support themselves will be made to attend classes in Danish and Danish social conditions. If they fail to attend, their social security will be cut.

New restrictions will be placed on the right to bring family members to join immigrant families, who will lose the right to bring their parents to the country for permanent residence. Immigrants convicted of serious crimes will be thrown out of the country.

A strident campaign by the Danish People's party, led by Pia Kjaersgaard, a former hospital cleaner, critical of immigration and rules which allow refugees and immigrants to live for long periods on social security has sent the opinion poll ratings for the party as high as 15 per cent. This has caused panic among the remaining parties, which face a general election at any time between now and next September. Hilary Barnes, Copenhagen

ETA'S POLITICAL WING

Leaders remain defiant

Spain's Supreme Court told the leaders of the Basque Eta guerrillas' political wing yesterday that they would be jailed within 24 hours to begin serving seven-year prison

But in defiance of the judges' order, some of the radical politicians convicted earlier this week of collaborating with the separatists said they would not voluntarily turn

The leaders of Herri Batasuna, a legal radical nationalist party which holds considerable sway with Basque voters, also refused to pay the 500,000 peseta (\$3,300) fine the court imposed on Monday when it handed down the

Judges yesterday ordered the defendants to report today to the jail nearest their homes after denying their request to remain free on bail while launching an appeal before the constitutional court, officials said.

"We're not going to pack our suitcases and go directly to jail," said Joseba Alvarez, a member of Herri Batasuna's executive committee. There was concern that imprisonment of the politicians could provoke further retalia-

■ TURKISH HUMAN RIGHTS

New directives for police

The Turkish government yesterday issued a set of directives intended to improve the handling of suspects by police. The announcement came just a week before the European Union is to decide whether to invite Turkey to a conference bringing together candidates for possible EU

Turkey's poor human rights record is one of the major obstacles cited by EU members opposed to Turkey's par-

The new directives order police to be meticulous about custody records and to implement regulations already in force, such as mandatory medical examinations of suspects before and after interrogation. It also orders governors and local representatives of the Ankara government to carry out frequent surprise visits to police stations to make sure such rules are being followed. AP. Ankara

■ SWEDISH INVESTIGATION

Inquiry into Fairbank ends

Swedish authorities have ended a year-long investigation into Fairbank, a high-risk currency trading scheme which cost ethnic Chinese investors up to SKr8m (\$1.04m). Anna Lena Dahlqvist, the prosecutor who conducted the probe for the Serious Economics Crimes Squad, has

told Fairbank's customers: "There was no indication of crime according to Swedish law." She said material collected had been turned over to Britain's Serious Fraud Office, which had helped to investigate Fairbank and other companies run by Dannis Cheung, a 39-year-old UK businessman. After Fairbank's activities were exposed last December, Mr Cheung placed the company into bankruptcy. He was arrested in Hong Kong and brought to the UK where he awaits trial on charges of fraud and theft which followed an SFO investigation into Pagoda, a UKbased currency trading scheme.

Doorell Roberts Tien, Stockholm

Nazi gold inquiry to target stolen art

By David Buchan and

into looted Nazi gold is to be broadened to cover other assets which, in the case of embarrass Russia, the Vatican and France.

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The Financial Times Limited 1997
Editor, Richard Limiters, etc The Financial
Times Limited, Number One Stanthwark
Bridge, London SEI 9HL. ton within six months.

ference to complete their mation on Nazi booty. Robin investigations into the ori- Cook, the UK foreign secrethe end of 1999.

terday announced at the end. Argentina and Poland have

The international inquiry gips and fate of Nazi loot by tary, who hosted the conference, claimed it marked a

Widening the investiga-The conference also agreed further resistance from Rus-policies. Eizenstat called on the 41 to set up an international sia, which only took part in

its wartime archives. Nazi loot, to be held at the

in Washington. Based on paintings. work with the Allianz insur-

Mr Hector Feliciano, 2

held artworks changed Centre had yet to identify new US Holocaust Museum the real owners of some 2,000

Germany at the end of the

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At the same time Mr

nations at the London con- website to exchange infor-

achievement of the confer- community's effort to locate stolen artworks, is likely to ence was the setting up of a the truth about this dark new fund to help victims of Nazi persecution, to which Stuart Eizenstat, the US the US, UK, Austria, Greece, under-secretary of state, yes- Luxembourg, Croatia, Brazil, of the three-day Nazi gold pledged contributions. The Degussa, the German preconference in London that a core of the fund is likely to cious metals company which follow-up conference into the come from the remaining 5.5 was the Third Reich's main fate of these other assets tonnes of gold still to be dis- gold smelter. would be held in Washing- tributed by the Tripartite Gold Commission.

The most concrete change in the international period of European history". During the conference the Czech and Polish governments said they would open their archives, as did

vided it did not centre on the author of The Lost Museum, issue of stolen art, and from a recent book about unrethe Vatican, which only par- claimed Jewish art in ticipated in London as an French museums, said one observer and refuses to open third of France's privately US delegates yesterday hands during the war and paved the way for the fol- that museums like the Loulow-up conference on other vre. D'Orsay and Pompidou

US museums held numerance company, Professor ous paintings probably sto-Gerald Feldman of Berkeley len from Jews during the told delegates how Jews war, Mr Feliciano claimed. were robbed of the proceeds while the Russians took as tions will, however, meet and benefits of insurance many as 5,000 artworks from

NEWS: EUROPE

IMF intervenes in Turks choke on inflation remedy Ukraine bond deal

By Charles Clover and Chrystia Freeland in Kiev

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The International Monetary Fund yesterday scotched a deal by Merrill Lynch to underwrite a large issue of Ukrainian treasury bills, which would have bailed the government out of a difficult financial situation created by the turmoil in world emerging markets.

Merrill had been in negotiations to structure finance for the Ukrainian government in local currency denominated T-Bills, but the IMF objected strongly, forcing the Ukrainian government to cancel the deal. Banking sources say that the deal was worth some \$450m. One of the IMF's possible

objections may have been that the yield of the T-Bills was to be indexed to the exchange rate of the dollar to the local currency, the hryvnia, which would have guaranteed the lender against devaluation but cre-

the Ukrainian government.

Last week the IMF to devaluation risk. released two tranches of a stand-by loan worth \$100m, capital to fund the bond which had been stalled by high budget deficits. The release of the money was seen as a vote of confidence in Ukraine's reform process.

But Ukraine must borrow

heavily this month to meet

its budget obligations without printing money despite the global financial turmoil. which up to a week ago had made it practically impossible for Ukraine to market its debt abroad. Expenditures on average in December are usually nearly double those of any other month and this December looks to be no exception, with a heavy debt service schedule.

Nonetheless few foreigners Ukrainian debt without hedging the currency risk, as Merrill sought to do. Most bankers point out, however,

ated open ended liability for to lend dollars, as default risk is slight by comparison

Without sufficient foreign market, Ukraine would face pressure on its currency. which has been stable for nearly three years but last month wobbled dangerously, dipping below its 1.7-1.9 hryvnias to the dollar band on several exchanges.

In an effort to revive Kiev's treasury bills and shore up the hryvnia. Victor | Fund to support a gradual Yushchenko, chairman of the national bank, said last week Kiev had introduced high yielding, very short term government bonds.

"We understand that alongside Ukraine there are other markets which will try to do their best to attract capital * Mr Vushchenko would be willing to buy said, arguing the Ukrainian government believed it had to offer yields attractive enough to compete with struggling emerging markets

Romania knocks

By Anatol Lieven in Bucharest

in Luxembourg.

Romanian ministers see membership as a vital national interest and recent reform process may have increased their hunger for a foreign policy victory.

nian foreign minister, still hopes EU governments will change their minds on limiting accession negotiations to

tancy and timescales but of political vision," he said.

a new meeting between review in 1999. western and eastern Europe, which will give birth to new common standards and a new architecture."

attempt to convince the west that Romania is an important force for regional stability. As part of this strategy, Romania last week signed a trilateral security initiative with Ukraine and Poland. The west has praised ship.

reforms. There is a wide spread belief among diplo-

frustration among western diplomats that the Romanian government's concern preparations for the negotiations themselves.

The EU is now planning a new category - "accession partnership" - as a consolation prize for those countries not listed for early member-

John Barham on why Ankara is ducking the IMF's shock treatment

rampant tax evasion.

in parliament.

But the next day, Mesut

Yilmaz, the prime minister,

described his minister's IMF-

of the coalition grew yester-day when one member, the

Turkey has suffered Turkey; what price to beat inflation? galloping price inflation for decades. And Mesot Yomaz, Turkey's prime minister for weeks, ministers have

announced and then retracted a variety of shock plans, gradual programmes and price freezes aimed at stopping an inflation rate that is beading for 100 per cent a year. Gunes Taner, economy

minister, started it all last month when he returned from Washington after an abortive attempt to convince the International Monetary inflation to 3 per cent by the end of 2000. Arriving in Ankara, he said the government had given in to the Fund's demand for an immediate attack on inflation: agreed with the IMF on a shock programme agreement. It is now a matter of setting the figures for this shock programme.

The newspaper Milliyet pictured Mr Taner on its front page showing how the plan would work on his personal computer.

He would freeze public prices between January and May and prevail upon the private sector to halve planned prices increases. Agriculture support prices would be set at the start of 1998 and not raised during the year. Privatisation revenues of \$5bn would boost public finances while the government reformed the deficit-ridden social security system and cracked down on censure vote next week. Its like the prime minister, lic opinion, shaken by 11 instead of \$185bn.

leader, Deniz Baykal, said: "The government is finished. Turkey will have to go to early elections next year.

(pictured left), described his economy minister's MEF-inspired

Forty years ago, it took mine line

the suffation-battered Turkish climings, to buy one US dollar

timate that if inflation had follen to loss than 10 per cent a year from 1970 to 1995, the economy

to almost 200,000 htt

pton to detent inflation in a year

In the face of political diffiinspired plan as "crazy". He had already stated "we do culties Mr Yilmaz has reafnot have the necessary politfirmed his previous threeyear strategy, and has also toyed in public with the idea ical conditions for a one year programme." Mr Yilmaz was more concerned about presof a price freeze. The proerving his five-month-old government press loved the idea, describing it as "beavcoalition, which consists of enly". But financial markets to begin, the confusion is the principal cause of Tur-feared Mr Yilmaz was pre-eating into his political capi-key's inflation. The central two conservative parties and one centre-left party and is paring for snap elections. 53 seats short of a majority normally the signal for a Doubts about the stability populist free-for-all.

Analysts say there is a pol-People's Republican party. cabinet factions and senior warned that it would not advisers. The politicians are support the government in a

want a cautious approach. The technocrats urge a higher-risk programme to

crush inflation in one year.

which if it works would win

Mr Yilmaz the next election

1992 93 94 95 98 97

(annual % change in retail prices)

and a place in history as the man who stopped inflation, With only a few weeks to all politicians." go before the new year. when the battle against inflation is formally meant

icy struggle between rival army, which had led the omy could have doubled its campaign to unseat Necmeteither hostile to reform or. Islamist prime minister. Pub- have grown to \$300bn now

months of erratic rule by Mr Erbakan, might have accepted drastic measures against inflation. That sup-

port is less certain now. Rahmi Koc. owner of Koc Holding, Turkey's biggest industrial group, said he would forgo profits to support the government, but executives later explained that prices would probably

still have to continue rising, Few other countries have suffered as much inflation and currency depreciation for as long as Turkey. Forty years ago, it took nine lira, the inflation-battered Turkish currency, to buy one US dollar. Today the dollar is equivalent to almost 200,000

But Gazi Ercel, the central bank's highly respected governor, warns that "inflation has become the most disruptive force in the economy. responsible for many of the major problems facing Turkish society. Fighting inflation cannot belong to a single party's programme. It should be the first priority of

Big budget deficits piled up by decades of spendthrift populist governments are tal. Mr Yilmaz came to office bank's economists estimate with almost unconditional that if inflation had fallen to backing from the media, the less than 10 per cent a year business community and the from 1970 to 1995, the econtin Erbakan as Turkey's first domestic product would

on EU entry door

The Romanian government is making a last-ditch attempt for inclusion among countries negotiating to join the European Union, even though it realises that early membership is unlikely. The final decision will be made at an EU summit next week

Adrian Severin, the Roma-

only five states. "This should Romania for its regional and not be a question of accoun- security role and its military "We need to recognise that mats that as long as the ecowe are dealing not with a nomic reform process process of expansion but re- continues, an invitation to unification," he said. "This join Nato is likely when the should be an opportunity for alliance holds its next

However, there is growing One aspect of Romania's with the symbolism of campaign to join both the starting EU negotiations is difficulties in the country's EU and Nato has been an not matched by adequate

European divorce convention agreed

By Emma Tucker in Brussels

European Union countries will have to be recognised in all 15 member states under an agreement reached by justice and home affairs ministers yesterday.

A matrimonial convention, which has been on the table for four years, seeks to clear up the messy legal processes that currently surround zens. divorces involving more

Divorces granted in jurisdiction to grant a states - couples can ask for divorce and requiring other a divorce in their principal countries to recognise the

> people," said Elisabeth Gui- abroad, they can opt to have gou, the French justice minister, who recalled that too concerned with goods and services and not about citi-

Under the convention -

than one member state by which still has to be signed seeking to remarry in in Europe and the fact that clarifying which country has and ratified by the member another.

> country of residence. If they are of the same

the case dealt with at home. many EU decisions were member states to recognise granted in France. each other's laws throws up costly problems for mixed nationality couples and for divorcees from one country

divorcee who decides to remarry a Spaniard in Spain is possible to obtain a has to have the divorce divorce in six months, while "This convention is about nationality, but living judged independently by a Ireland has only just legal-Spanish court. In future, the ised divorce. Spanish authorities will At present the failure of have to recognise the decree

It took four years to con-

final agreement had to be For example, a French unanimous.

In Finland, for example, it

Southern member states had difficulty with the more relaxed approach of their Nordic partners, while clude the convention Britain's approach to cusbecause of the huge diver- tody is out of step with the gence between divorce laws rest of Europe.



Rules eased on foreign takeover bids
Won worries may stall inflows of capital
Opposition attacks national humiliation

Korean markets soar after \$57bn IMF-led deal

yesterday responded positively to led by the International Mone

eased foreign takeover rules. The Seoul bourse staged a volume for a single day.

government announced it would limit in listed companies on

South Korean financial markets IMF package. It also increased tary Fund as the government cent, which removed a barrier to foreign takeovers.

But the concessions came with record 7 per cent rally to 405.81 an important caveat as the govpoints in the heaviest trading erament said it would continue to ban hostile foreign takeovers. After the market closed, the Any takeover would have to be approved by the board of the tarraise the foreign shareholding get company and the authorities.

the ceiling on individual foreign eralisation, and raised doubts the \$57bn international rescue shareholdings in listed compa- about its implementation of meanies to 50 per cent from 7 per sures to open the Korean economy to foreign investment under the IMF accord.

Nonetheless, analysts said that conglomerates burdened with heavy debts might be willing to sell troubled subsidiaries to foreign investors in an effort to raise capital. The low prices of Korean shares could prove an The restriction on hostile take- incentive for foreign companies

be dictated by the strength of the of the deal increased to \$57bn Korean currency, the won, in coming weeks. Indications that the won could weaken further might delay capital inflows as foreign investors worry about potential foreign exchange losses.

The won vesterday climbed to 1,190 to the dollar, although the recovery was cut short by fears of insolvencies among commercial and investment banks. Seoul said it expected to

yesterday after Italy joined the donors and as the UK, Germany and France each promised to increase their contributions to \$1.25bn from \$1bn.

were celebrating, public reaction said in a letter to the Korean was largely negative. Newspapers headlines snoke of "national humiliation" and the "loss of economic sovereignty".

president that he would carry out the IMF agreement in principle but would want to pursue discus-Korea's main opposition party. Kim proposed a wage freeze and

December 15 to 50 per cent from 26 per cent in response to the 15 to 50 per cent in response to the 15 to 50 per cent in response to the 16 per cent in response to the 17 to 50 per cent in response to the 18 per cent would proclaim December 3 as • A table published in the FT on "national economic humiliation November 25 wrongly defined day". It promised to try to rene ratios for Korean bank lending as gotiate terms of the IMF deal if bad and doubtful debt. The pubits candidate, Kim Dae jung, won. lished figures actually related to Mr Kim, who is in a virtual tie precautionary and non-perform-While the financial markets with the government candidate, ing loans under Bank of Korea definitions, which also includes loans at less serious risk such as credit to companies with gearing of more than 400 per cent and sions on details if elected. Mr loans on which interest is overdue for less than six months.

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benefit from Seoul's travail

By Laura Tyson in Talpel

South Korea's financial travails may ultimately prove a boon for Taiwan, its keenest commercial rival and one of the few Asian countries to escape serious harm in the turmoil that has swept the region.

Korea's chaebols (conglomerates) are likely to benefit immediately from depreciation of the currency, the won, boosting sales of memory chips, computer monitors, and some steel and petrochemical products, areas where the two countries

But longer term, Taiwan's nimbler companies could at SBC Warburg. seize the advantage by continuing to invest while Korean competitors languish as their cash crunch worsens.

For Taiwan, stealing a march now on South Korea is made sweeter by the frostly ties between the two since Seoul dumped Taipei to set up diplomatic relations with Beijing several

"The crisis in Korea will be a shock for us in the short term but in the long term, it should make Taiwan companies more competitive," said Daniel Chen, chief economist at Chinatrust

Manufacturers agree, Acer Peripherals, an arm of the Taiwanese computer maker. makes personal computer monitors, an area in which Korea's Samsung and other chaebols hold a strong mar-

"We will be affected, but not much." said Eric Yu. Japan - mostly hot-roll coil. Acer Peripherals' spokestor-making operations are mainly in Malaysia, where manufacturing costs have fallen substantially due to Further ahead, the chae-

bols' high debt ratios will translate into financing costs much higher than in Taiwan. "The economic slowdown in Korea means they will have cash problems, so they won't be able to invest," Mr Yu said. "The pressure will come from our Taiwanese competitors, not

from Samsung." Taiwan's memory chip makers are preparing for Korean competitors to flood the market to raise cash, and the depressed value of the won favours them. The price of a D-Ram chip has fallen from \$3.50 before Korea's devaluation to \$2.50 recently said Liu Chi-tung, an analys

D-Ram prices were on a downward trend anyway "Long term, we think this is a good opportunity for Taiwan companies," he said. "The chaebols won't have the cash to invest in capacity expansion and some may even go bankrupt. So Tai-

wan will grab market share." China Steel. Taiwan's leadng steelmaker, expects South Korean steelmakers to boost exports, pushing prices down slightly, beginning next year. But Korean steel does not play a significant role in the Taiwan market, so the impact will be indirect, says Chung Le-min, the company's finance director.

Mr Chung is confident China Steel's exports will not lose market share because the company has longstanding customer ties not easily broken. It exports 20 per cent of its output, with half of exports going to

Here China Steel is conwith Korea's Posco the other "quality" supplier to Japan. "We're not worried about the competition." Mr Chung says, but "we will depreciation of the Malay- have to wait and see" when prices are adjusted in the first quarter of next year.

Taiwan set to | Financial turmoil will sort out Asia's sheep and goats

Businessmen and fund managers are begin-ning to peer through the gloom of Asia's financial market turmoil. What they see is the prospect of a multi-speed Asia, with a much greater differentiation tween economies, policies and attractions to investors. "All the markets are affected by contagion, a con-

as fundamentals," says Manu Bhaskaran, managing director for south-east Asia of Socgen Crosby. "We are moving to a phase, probably by the start of next year, where investors will begin sorting the sheep from the

Apart from investors weighing their options in the region, such distinctions will prove vital to economies in need of foreign funds to provide long-term financing. Sir Gordon Wu, chairman

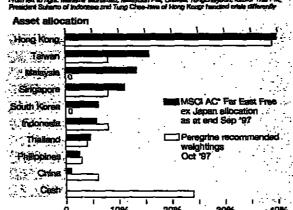
of Hopewell Holdings. believes investors will demand higher rates of return for infrastructure projects in countries with poor policy records. Not surprisingly, given the travails of his \$3.7bn Bangkok mass transit project, he points a finger of warning at Thailand. "Investors will ask for the moon, a 25 per cent return," he claims.

The director of one European manufacturing group says his company remains committed to expansion in the region, but is reviewing strategy in terms of where to locate production plants. in manufacturing, signs of

a shift in focus take time to emerge. But financial markets are already signalling shifts. "Currencies have stopped moving in sync and we are seeing adjustments in fixed income spreads," says Andrew Freris, head of

In the equity markets, performances are becoming years," says André Lee, manincreasingly divergent, with aging director of fixed Hong Kong's recent rally income at Peregrine Investmarking a sharp contrast to falls in Korea and Thailand.

East Asia: varied customers



The most important consid- about Thailand. "Their erations, Mr Bhaskaran says, investment climate should are government policies in response to the crises and the strength of the financial

Political and social issues have also become more root of the current troubles, important as economic downturn raises fears of instability and ethnic tensions, or brings uncertainty in forthcoming elections in Korea, Indonesia and the in the region, critics focus Philippines.

Hong Kong and Singapore are seen as havens of sensible policy-making and comparatively robust fundamentals. Elsewhere, there is less consensus. "I think you would put Korea and Thaiid together in the same could be as long as five to 10 ment Holdings.

Not all are so gloomy

ceive politics are irrelevant to economic policy decisions," says Mr Freris, "The current account deficit, the should shrink sharply in -1998 and 1999."

While Malaysia's financial system is seen as fairly robust compared with others on the policy front.

The attacks by Mahathir Mohamad, Malaysia's prime minister, against currency speculators, recent government moves to put a hold on development of the country's Bakun Dam and the controversy over restructuring a Renong, the infrastructure group close to the ruling hierarchy, have fuelled disenchantment.

The 11 per cent fall in the Kuala Lumpur stock market after the announcement

seeking to tame that growth

gradually. Last year the

growth rate slipped to 13.5

per cent, this year it is

and by 2000 it is likely to

have fallen to 10-11 per cent.

rate in Shanghai is not

because of the reduction in

the industrial and agricul-

tural output or retail service.

Rather it is because we have

estate development."

"The major reason for the

wering of the GDP growth

about the dam underlined the swift judgment of financial markets.

"Malaysia is the best example, after Thailand, of what is wrong with much of 'middle Asia', caught between the First World it aspires to, and the Third World it thought it had left behind," says Schroders

Jakarta has won praise for its response to the downturn. "Indonesia is looking good in terms of policy, says Mr Bhaskaran. The decision to close 16 banks suggests the government is serious about reform. Like Indonesia, the Philippines scores well on policy measures, but is penalised by political uncertainties.

Beyond the distinctions between regional economies. some see a broader shift at work. Timothy Beardson, chairman of Crosby Financial Holdings, believes the crisis will force a wave of market liberalisation, where countries worst afflicted will be forced to make the biggest reforms and could end up more competitive.

Mr Lee at Peregrine predicts the economies of Greater China will emerge in robust shape. "If anything, the theme of this crisis is that it has highlighted the transfer of economic power from Japan and Korea to the Chinese," he claims.

Such a trend is far from certain. China could be the biggest and last dimino to fall under the strain of reduced export competitiveness and rising deflationary risks. That would jeopardise Hong Kong's currency peg and its prospects as a finan-

Taiwanese industry is exposed to Korea's falling won and Japan's shaky yen. so far. Greater Chir than elsewhere. For investors surveying the region. relative gains are the name of the game.

Unemployment, the mayor

says, is a consequence of the

restructuring of industry in Shanghai and most of the

lay-offs have come from tex-

tile, light industry and

machine-processing compa-

nies. Over time the city

plans to become more ser-

vice-oriented. The tertiary

sector currently accounts for

around 43 per cent of Shang-

hai's GDP, up from roughly

30 per cent in 1990, and on

John Ridding

Foreign cars suffer double blow in Japan

By Michiyo Nakamoto in Tokyo.

showroom in Aobadai, a suburb of Tokyo, was unusually quiet one recent weekend. The German company had held a campaign to show off a new model, only to find most Japanese were too concerned about the economy. Just a handful showed up during the campaign which would normally have attracted hundreds.

Foreign carmakers are suffering a double blow from the downtum in the Japanese economy. The recent economic gloom has combined with the impact of the weak yen to further damp down the Japanese appetite for imported cars.

Last month, imported car sales dropped 19.4 per cent, according to one industry association, bringing the decline for the year to the end of November to 6.2 per cent. While reverse imports of Japanese transplants showed the biggest declines. US carmakers as well as some European companies also posted significant falls.

Mercedes-Benz has, in fact, been one of the stronger performers through the year, increasing sales through November by 1.5 per cent. November sales were down a relatively mild 3.5 per cent. BMW suffered a 38.9 per

cent decline in its Germanper cent. The company was .eot 18.9 per cent.

popular models in November, which arrived late in The Mercedes-Benz the month, it said. If its USmade foadster is included.

Opel and Volvo, two star performers in better days, posted declines of 23 per cent tively in November.

Among US carmakers. Ford sales declined 25 per cent last month and a sharp 40 per cent to the end of November, though it has not raised prices due to the weak ven. General Motors saw a 24 per cent drop in 11 months, with Chrysler sales

dipping 14 per cent. This is a sharp reversal from the good times imported cars enjoyed while the yen was stronger. Then, double-digit growth and moved to expand dealer networks. "The fall in the stock market has had a strong effect on sales," said a BMW representative. While the company's more economical model, the 3-series, has held up relatively well, the dearer models that tend to be favoured by people with assets have been shunned as those assets have shrunk.

It was taking customers longer to make their purchasing decisions. BMW said. But some foreign companies improved sales despite the poor climate. Rover has raised sales 11.3 made cars last month, bring- per cent so far this year. ing the 11-month fall to 9.4. Audi 13.2 per cent and Peug-

nronerty

in Hong Kong

Hong Kong's property slump claimed its first casualty yesterday, when Goodfortune Realty, a medium-sized real estate agent, closed its doors.

The move came amid warnings of a rise in unemployment and as one of the biggest property developers predicted the downturn in the sector could be protracted. "I think this [the downturnl is going to be with us for some time," said Victor Li, vice-chairman of Cheung Kong, flagship of Li Ka-shing's business empire. Property prices in Hong Kong have fallen more than 10 per cent since regional currency turmoil swept into the territory in October. Higher interest rates to defend the currency link to the US dollar and an expected fall in economic growth have prompted predictions by some analysts of a fur-

ther decline of 25 per cent. Real estate agencies are seen as particularly vulnera-ble to the downturn, with expectations of further failures after Goodfortune received court permission to go into liquidation.

While Hong Kong has proved more resilient than most east Asian economies to the regional financial upheaval, with interest rates having eased substantially over the past few weeks, most economists expect further pressure on the cur-

Schroders Securities yesterday predicted that unemployment would rise to 3.6 per cent next year, compared with 2.3 per cent at present. A further rise to 4 per cent is expected in 1999.

According to Schroders. which has taken a relatively negative stance on Hong Kong's prospects, the unemployment rise will take its toll on the retail sector as the jobless tighten their belts to maintain mortgage payments and as the wealth effect of falling property and

share prices feeds through. "Sales of cars and con-sumer durables are expected to nosedive in 1998 in the range of 30-40 per cent yearon-year," it said.

The government played down fears about a rise in sness, with Jacqueline Willis, commissioner for labour, citing large numbers of vacancies in the labour market. Donald Tsang. financial secretary, says growth is unlikely to fall much below the trend level

of 5 per cent next year. While businessmen remain confident about long-term prospects, illustrated by upbeat survey results published yesterday by the American Chamber of Commerce, they warn of a difficult adjustment. "I don't believe we have recovered our competitiveness," said Linus Cheung, chief executive of Hongkong Telecom.

Shanghai learns need for market caution

James Harding and Tony Walker talk to the city's mayor about growth and foreign investment average 14.1 per cent, but hai's 4.7m workers are out of the municipal government is work.

Tu Kuangdi, Shanghai's jovial mayor, is indefatigable in promoting his city as a business gateway to China and world financial hub. He is an opti-

But Mr Xu, a highly qualified metallurgist who has been mayor since 1995. recognises that the meltdown of south-east Asian markets and troubles in Japan and South Korea will probably slow the opening of China's markets and also prove a drag on foreign

"Shanghai draws on the lessons of the financial crisis in south-east Asia," he says, "that we cannot develop the financial markets or open up to financial institutions too "The water in the Shang-hai pond is not that deep."

time when the water is deep enough to accommodate big fish - even whales." Shanghai has been largely

he adds. "If a big fish came

in, it could cause a lot of

trouble. We are waiting for a

China are tightly regulated: China's currency is not yet fully convertible.

In an interview, Mr Xu provides a generally upbeat assessment of Shanghai's economy, but he also says the regional crisis has made a big impact on the leader-"It will take about 10 to 15

years before we can have a good and sound financial market. I think we will wait a time until the capital market in China will be developed and integrated with the international market." The unravelling of the

region's currencies and financial markets will also have "a round-about impact" on the Chinese economy, according to Mr Xu. Foreign direct investment in Shanghai is set to decline this year, as investment in the overcrowded property

sector has fallen. Foreign

investment will reach \$6bn

in 1997, compared with \$11bn

in 1996, \$10.5bn in 1995 and \$10bn in 1994. Currency devaluations in insulated from regional tur- south-east Asia are also bulence in recent months, as affecting China's foreign



Shanghai's mayor Xu: looking on the bright side

dotal evidence from the ica in the textile and light zhou in southern China to underline the point; southeast Asian buyers had demanded 30 per cent cuts in the prices of Chinese-made goods because they were no longer able to honour contracts which had been struck in US dollars.

Chinese exporters to west-

industry sectors are also likely to be affected as the currency adjustments elsewhere in the region give rival exporters "quite a strong price advantage". believes Shanghai's growth will continue to exceed the

Nevertheless, Mr Xu

national average. In the past

six years Shanghai's gross

number of big international companies committing substantial sums to large-scale projects this year, he says, citing General Motors' \$1.5bn investment to build Buicks, NEC of Japan's \$1.2bn joint venture to make computer chips and Sony's intention to make largescreen colour televisions.

Despite the establishment of new industries, Shanghai is still struggling with the problem of redundancies created by the failure of old. state-owned industries. capital flows in and out of trade. Mr Xu offers anec- ern Europe and north Amer- domestic product grew at an About 7-8 per cent of Shang- out immediately."

controlled investment in real the way towards the 48-50 per cent target for 2000. "Shanghai's ambition is to Shanghai has also seen a be one of the world financial centres," says Mr Xu, but it will take time before China can dispense with the regulations that protect its financial institutions and markets from the forces of international capital. The recent rumble in the

financial markets in Asia has shown Mr Xu that it will take time before Shanghai ranks with the heavy-weights: "Now we could not fight with a Tyson or a Holyfield. If we were to fight with them, we would be knocked



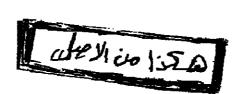
Our decision to move our European Reservations Centre to Ireland has been entirely justified. We had a very short time frame in which to have everything in place for the start of the operation and we have found everyone here to be friendly, efficient, and as determined as we are to make this a success story"

Hans Mirka, Senior Vice President International, American Airlines

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Iran dispute may cloud EU-US summit

By Bruce Clark in Washington

The US has a "wish-list" of measures it would like the European Union to take against Iran but is pessimistic about European and his successor as prime miniswillingness to co-operate, according to senior US officials.

Disagreements over how to impose sanctions on the French much the thorniest of the issues

US-EU summit in Washington. President Bill Clinton will be meeting two politicians from Luxembourg: Jacques Santer, the president of the European Commission, ter of the EU's tiniest state, Jean-

Claude Juncker. "Failure to tackle Iran handle Iran, and US threats to properly not only affects US-EU relations, but also threatens the energy concern Total because of its long-term security of the [Middle recent \$2bn gas contract with Teh- Eastern] region," said one senior ran, are viewed in Washington as policymaker, saying an accel-

had made the issue more urgent. The US administration will come under irresistible pressure after Congress reconvenes in January to say what it proposes to do about Total and its Russian and Malaysian partners: impose sanctions. grant a waiver or enter further negotiations. Any decision to allow a waiver will run into massive

Congressional protest unless the US side has won some concessions. At a minimum, the US would like its European partners to take eration in Tehran's effort to practical and legal steps to prevent that will be touched on at today's build non-conventional weapons Iran acquiring equipment that

ism. Washington would also like third parties - such as Russia. whose missile technology exports are under scrutiny in Washington - from abetting Iran's rearmament.

Thirdly, the US wants to see the Europeans impose some economic sanctions of their own against Tehran to deny Iran the money to build destabilising weapons and create some incentive for a change in behaviour.

could be used to build weapons of tainly realtirm their strong objecmass destruction or foment terror- tion to the extra-territorial character of US laws against Iran, Libya the EU to co-operate in dissuading and Cuba, they will not be able to give the White House much satisfaction over its security concerns because of the EU's lack of authority in that area.

Details of a joint declaration on electronic commerce were being haggled over till the last moment with France and Spain trying to modify US calls for a "tariff-free internet" with little regulatory

While European officials will cer- Editorial Comment, Page 13

Bail-out critics emerge in US

By Nancy Dunne and Heather Bourbeau in Washington

First murmurings of opposition to the interna-Honal haft-out of the troubled Asian economies are emerging from Capitol Hill

The Senate Republican policy committee contends that the International Monetary Fund "austerity" measores are not enough and may do little to alter the cosy relationship between the South Korean government, large banks, and the chaebol [conglomerates]" that dominate the Korean

The group is calling for an end to non-reciprocal trade practices, which it says have kept US products out of the Korean market. These include exclusionary tariffs, regulatory barriers, discrimination in government procurements and export subsidies. Lauch Faircloth, a Republican senator, has been in discussions with Bernie Sanders, an independent representative, over a bipartisan effort to limit the amount of money the administration can spend without

congressional approval. Mr Sanders will ask President Bill Clinton to call a congressional session to address taxpayers' liability Richard Tomkins in the planned bail-outs.

NEWS DIGEST

Minister quits in Argentina

Armando Caro Figueroa, Argentina's labour minister. resigned yesterday, opening the way for cabinet changes in the wake of the ruling Peronist party's defeat in October's mid-term elections.

Mr Caro Figueroa, who has not attended recent cabinet meetings, has taken much of the blame for lack of progress on labour reform. He angered unions this year by threatening renewed efforts to impose reforms by decree. He also crossed swords last month with Roque Fernández, economy minister, by warning that slower economic growth next year would hit job creation.

Frontrunner to succeed Mr Caro Figueron is Antonio Erman González, currently ambassador to Italy and a former president of the central bank and economy minister. He is a long-time confident of President Carlos

AIRCRAFT SAFETY

New equipment proposed

The US Federal Aviation Administration has proposed adding safety equipment to aircraft that would flush dangerous vapours from fuel tanks and insulate the tanks from heat sources. The changes would "greatly reduce, if not eliminate, the possibility of fuel tank explosions". such as the one suspected to have destroyed TWA Flight 800 last summer, killing 230 people, the FAA said. In a letter to James Hall, the chairman of the National Transportation Safety Board, Jane Garvey, FAA administrator, said the agency was not ready to proceed on three other recommendations from the board for a

variety of reasons. But she said an advisory committee was being directed to identify ways to implement the safety board's recommendation that new, and possibly older, Boeing 747 aircraft be fitted with nitrogen "inerting" systems in fuel tanks and that insulation be added between heat-generating equipment and fuel tanks. An inerting system flushes explosive vapours from empty space in

fuel tanks by pumping in nitrogen or some other AP. Washington non-flammable gas.

EL SALVADOR

Telecoms sale relaunched

El Salvador has relaunched the sale of its state telecoms carrier Antel with provisions allowing foreign investors to increase phone tariffs in line with the growth of the telephone network.

International carriers are being invited to bid for 51 per cent stakes in two new telecoms companies, one of which, Corporación de Telecomunicaciones de El Salvador (CTE). will take over 98 per cent of Antel's assets, including its staff of 5,000, and will run the terrestrial phone network. Another company, Internacionales de Telecomunicacion (Intelsa), will be given a licence for the B-band cellular spectrum.

CTE will be allowed to raise its tariffs by a percentage equal to the percentage increase in the number of lines in service, up to a ceiling of 15 per cent above inflation next year and 20 per cent until 2002.

Interested companies have been given until the end of January to qualify for the bidding process, which is expected to follow next May. James Wilson, Panama City

It's Christmas every day, shops lament

Sing & Snore Ernie, a Ses- excellent shape, unemployame Street character who ment is low, and the Conferdrifts off to sleep singing ence Board's index of con-"Twinkle, Twinkle, Little sumer confidence is little Star" and whose stomach short of the 28-year high it rises and falls as he snores. "We haven't sold out of them yet," says Toys R Us, been growing for years, only the biggest US toy retailer,

recalling last year's hysteria over shortages of the Tickle Me Elmo doll. "But we're cent increases in sales; these selling them as fast as we Yet even as shoppers join the pre-dawn queues to be sure of getting an Ernie, US retailers are harbouring fears that, in terms of over-

all sales, this Christmas could prove to be the latest in a series of duds. Last Friday - the day after Thanksgiving Day and the unofficial start of the Christmas shopping season - the stores were crowded with shoppers. But people seemed more inclined to regard the outing as a kind of ritual

spectator sport than actually to do much spending. Yesterday, as store groups reported their sales figures sales fell by 0.6 per cent at piece of electronic stuff." stores that had been open a year or more. J.C. Penney's department stores saw a decline of 3.1 per cent.

this Christmas is before. The economy is in

hit in June. But the US economy has to have delivered a run of disappointing Christmases. The 1980s boom saw 10 per days retailers count themselves lucky if sales rise by as little as 3 per cent.

According to the National Retail Federation, an industry body, one of the main reasons Christmas has lost its fizz is that consumers are shopping more throughout the year, and no longer wait until Christmas to buy the things they want.

Tracy Mullin, federation president, says: "When I was a child, there were two times in a year when I got stuff: I and leaving home, higher got stuff on my birthday and I got stuff at Christmas. "Now, parents seem to be

things for their children throughout the year. They for November, several don't wait for the holiday to reported disappointments. get them a new pair of ten-Sears Roebuck, the second nis shoes, a new backpack, a biggest US retailer, said new compact disc or a new Another factor suppressing Christmas sales, Ms Mullin suggests, is that, after

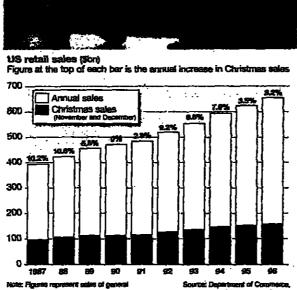
ne of the hottest sell- In theory, Americans Americans may have just ing toys in the US should be spending as never about everything they need traditional gifts have become increasingly irrelevant.

"Obviously that's not true for everybody, but it may be true for more people than it used to be," says Ms Mullin. "For them the Christmas holiday is not the all-important season it once was." A recent telephone survey

of 1,000 people by Deloitte & Touche, the accountancy firm, supported the contention that Christmas is losing its grip on the consumer's purse. It found that 30 per cent of consumers thought holiday gift-giving in their families was less important than it was several years ago, while only 13 per cent felt it was more important. Deloitte & Touche said the

biggest reason for the downturn in gift-giving was changes in family composition - children growing up divorce rates, and the geographic dispersion of family and friends. But many more willing or able to buy respondents also cited a growing distaste for the season's commercialism.

Further evidence of the tistics showing that, newly emerging, alternative although November and forms of giving. December sales accounted for a mighty 23.9 per cent of experiential gift giving," the annual total last year, says Ms Mullin. "People are years of prosperity, many the proportion was down giving trips as gifts, and



from 25.3 per cent in 1988. But one interesting aspect of the figures is that they embrace only conventional gifts - general merchandise, apparel and furniture, or GAF spending in Commerce rather than a sweater or a downturn is provided by Department terminology. Commerce Department sta- Absent from the figures are

"We see a trend towards

tickets to sporting events. They are giving gifts that the whole family can enjoy like home entertainment centres, computers or pieces of exercise equipment,

"This is what we think is the beginning of a long-term trend that retailers need to identify, understand and prepare for.

NEWS: WORLD TRADE

Canadian helicopter deal held up again

By Scott Morrison in Toronto

The Canadian military's attempts to procure 15 search and rescue helicopters from Westland-Agusta, a UK-Italian consortium, could be frustrated once again by the federal cabinet, which is concerned about allegations that the bidding process was unfair.

A few weeks ago, Westland-Agusta appeared to have secured the contract but two competitors then complained that the defence department had written the specifications to favour the UK-Italian consortium's larger, more expensive EH-101 Cormorant. That has prompted federal officials to take a closer look at the bid-

There are serious questions about the specifications of the request for proposals," said a federal official. The cabinet will bave to make a decision that not only meets Canadian needs, but is also politically defensible, the official said.

The Canadian military had expected to take possession of 50 EH-101 helicopters under a C\$4.8bn (US\$3.37bn) contract signed by Westland-Agusta and the previous government. That order was deemed too costly and subsequently cancelled when Jean Chretien became prime minister in 1993.

A second request for bids announced earlier this year attracted four competitors. but critics argue the defence department favoured the EH-101 Cormorant, a smaller, less expensive version of the model rejected four years ago.

In a recent letter to the federal cabinet and members of parliament, Sikorsky Aircraft, the US manufacturer, said there are indications that it and another company "may have been " misled into bidding only to serve a pre-determined outcome". The defence department declined to comment on Sikorsky's letter.

Launch delayed by UK government's reluctance to help finance development

Lufthansa to buy ten A340-600s

By Michael Skapinker, Aerospace Correspondent

Lufthansa of Germany yesterday became the fifth airline to announce it would buy planned new versions of Airbus Industrie's A340. But the launch of the new aircraft is being delayed by the UK government's reluctance to help finance its development.

Lufthansa said it would order 10 A340-600s, an extended version of the Airbus A340. The carrier Dubai air show last month. also said it was buying five Boeing 747-400s.

By Haig Simonian, Motor Industry Correspondent

ers to Europe.

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valenciennes.

Competition in Europe's car market,

the world's second biggest after the

US, is set to intensify if embattled

Asian manufacturers redirect output originally destined for domestic buy-

Louis Schweitzer, president of the

European Automobile Manufactur-

ers' Association and chairman of

Renault, warned that the recent eco-

nomic turmoil in Asia could hit

European manufacturers in their

home market. Mr Schweitzer said it

was too early to tell if Asian cars

would flood into Europe. He warned

that any surge in exports from South

Korea, Malaysia or Japan, where

demand has collapsed after recent economic upheavals, would exacer-

bate Europe's chronic overcapacity

by swamping the market and distort-

Asian car production will become

more sensitive, especially in France,

after the expected announcement

next week by Toyota, Japan's big-

gest carmaker, that it will build a

new factory in the northern city of

However, Mr Schweitzer stepped

back from demanding import restric-

and Boeing have a total UK government to contrib-(\$2bn). Lufthansa said the \$2.5bn cost of developing the 747s would be delivered aircraft. Under a 1992 between 2000 and 2002. The agreement between the US A3406-600s would go into and the European Union, service in 2003.

Airbus - which is owned Daimler-Benz Aerospace aircraft. (Dasa) of Germany, British Aerospace and Casa of Spain - had hoped to announce the

obtain an opening on the other

Such measures might be required

for Korea, where sales of foreign

cars remain minimal in spite of

Seoul's pledges to liberalise trade.

While Korea exported almost 250,000

cars to Europe last year, the flow was less than 5,000 units in the other

Separately, Mr Schweitzer said

Europe's carmakers would be debat-

ing soon whether to extend the "gen-

tleman's agreement" limiting car

exports from Japan to Europe, which

expires in 1999. He argued Japanese

manufacturers had done better out

of the 1991 deal between the Euro-

pean Commission and Tokyo than

expected, because the European mar-

ket had not grown as forecast, allow-

ing Japanese exporters room to

expand without breaching the ceil-

ing. In the first 10 months of this

year, sales by Japanese carmakers

were almost 12 per cent above the

extension of the gentleman's agree-

ment was unlikely. Although some

European carmakers would like

that, there would be political opposi-

tion. As a replacement, "a form of

monitoring of developments in the

However, Mr Schweitzer said an

previous level at 1.34m.

tions on Asian cars. "I don't think Japanese and European markets

restriction is an answer. But would be welcome".

it may be a necessary means to A steady drive, Page 16

groups fear flood

value of more than DM3.6bn ute £120m (\$200.5m) of the governments are permitted to fund up to a third of the by Aerospatiale of France, development cost of new

The other Airbus governments are thought to still waiting for the be ready to help finance the government's decision." official launch of the new new aircraft. However, the versions of the A340 at the UK government has said that BAe has sufficient than 50 of the planned new But the launch has had to funds of its own and does A340s. Air Canada, Virgin be delayed because BAe has not need an additional Atlantic of the UK, Eva Air

The orders from Airbus so far failed to convince the contribution from the of Taiwan and Egyptair have taxpayer. BAe argues that airlines' interest in ordering the aircraft means that the

government would earn a healthy return on its investment. The company said yesterday: "We want, with our partners, to get on with the programme but we're

Airbus says that it has already won orders for more

ordered the aircraft, in addition to Lufthansa

Airbus is planning to develop two aircraft: the A340-500, a longer range version of the original A340, and the A340-600, a "stretched" model.

The four-engined A340-600 will be able to carry up to 380 passengers, allowing it to compete with Boeing's twinjet 777. Lufthansa said, however, that it would have only 330 seats in its A340-600s to give more room to first and business class

European motor | Kodak may seek 'dumping' action on Japanese rival

By Nancy Dunne in Washington

Kodak of the US is considering an anti-dumping suit against its competitor Fuji of Japan if a World Trade Organisation panel fails to issue a ruling, perhaps as early as today, pressuring Japan to reform its distribution and retail pricing practices in its home market. Japan is operating from a "profit

sanctuary" at home, said Chris Padilla, Kodak's director of international trade relations. This allows it to sell its products

at a "less than fair value" price in

Kodak would be reluctant to pursue an anti-dumping complaint, even though it has lost market share to Fuji in the last three years. While Kodak's share is still about 65 per cent, it has been losing share while Fuji has been gaining between 3 and 4 per cent annually.

There was a gloomy atmosphere at Kodak this week when 10,000 workers received notification of job

The company has announced that it expects earnings to be 25 per cent lower this year than last year due to competition from Fuji, export sales hurt by the stronger dollar, and losses from digital technology devel-

Mr Padilla said the company be a success," said Mr Padilla.

would prefer that the US win its case in Geneva rather than pursuing a domestic solution. The case - which basically puts Japan's distribution and competition system on trial represents a concerted effort by the US to use multilateral pressure, after years of pressing Japan bilaterally, to open its market to exports.

"It will be a landmark decision for the WTO which goes well beyond film," said Mr Padilla, adding that reforms by Japan would allow other products to penetrate the market.

"It is the best documented case ever brought to the WTO." he said. The panel of three neutral trade judges was presented with 20,000 pages of evidence and 20 volumes of appendices, as Fuji attempted to match Kodak's filing pound for pound.

Fuji has denied the US charges, and says the US has totally fabricated its case, claiming Fuji has been able to out-compete Kodak. even in the US.

There are three separate targets in the US complaint focusing on sales and distribution.

Tokyo has already promised to change its Large Scale Retail Law, which goes some way towards addressing US concerns but Washington maintains this is not enough. We anticipate that the case will

news digest

Court blow to Subic Bay sale

The Philippines Supreme Court yesterday intervened in the privatisation of the Subic Bay container terminal when it issued an 11th-hour temporary restraining order halting the bidding process.

The court's decision - less than 24 hours before the winning company was due to be announced today – is a further blow to the credibility of the country's privatisation efforts. It was prompted by a move earlier by Hutchison Ports Philippines, local subsidiary of Hong Kong's Hutchison Whampoa and a previous bidder, which requested the court cancel the bidding. The court gave Subic authorities and other government agencies involved in the privatisation 10 days to comment on the case. Subic Bay Metropolitan Authority (SBMA) said it would abide by the court's decision, but declined to comment. In Hong Kong, Hutchison Whampoa also refused to comment.

Hutchison argues the government should award it the contract - worth an estimated \$50m-\$200m - after the decision by SBMA last year to choose it over rival bidders. In January, President Fidel Ramos overruled SBMA and ordered a rebidding instead, saying tender

regulations had not been followed.
Julius Caesar Parrefias, director of a Manila-based think tank, said the privatisation was now muddled. "I think the Supreme Court is taking a very activist role in economic affairs," he said. "It's a double-edged sword because it shows the vitality of our democracy but also increases uncertainty for investors." Justin Marozzi, Manila

CARIBBEAN TRADE TALKS

Call for Cuba to be included

The Caribbean's chief trade negotiator, Sir Shrìdath Ramphal, yesterday called for Cuba to be included in moves by the Caribbean region to defend its position in future negotiations with Europe on a new agreement to succeed the Lome Convention. Formal negotiations for an arrangement to succeed the existing Fourth Lome Convention between the European Union and the African, Caribbean and Pacific (ACP) group, which expires in 2000. are due to start in September 1998.

"Cuba is part of the Caribbean. It must be with us as we make our way in the wider world," he told a Europe-Caribbean conference in Havana.

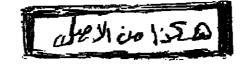
He criticised the US government for maintaining a trade embargo against Cuba while at the same time seeking to develop a free trade area for the Americas: 'Are were really serious in believing that a free trade area in the Americas can be really legitimate if it starts on the basis of exclusion?" Pascal Fletcher, Havana

■ EFTA INITIATIVE

Canada trade talks to start

Ministers of the European Free Trade Association (Efta), which groups Switzerland, Norway, Iceland and Liechtenstein, yesterday announced that free trade negotiations with Canada would begin next year. Unlike Efta's other free trade initiatives, the talks with Canada will not parallel negotiations being pursued by the European Union. A free trade agreement would thus give industry in Efta countries a competitive advantage in the Canadian market over EU rivals.

The planned accord will cover trade in industrial goods, fish and other marine products. Frances Williams, Geneva



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FINANCIAL TIMES FRIDAY DECEMBER 5 1997

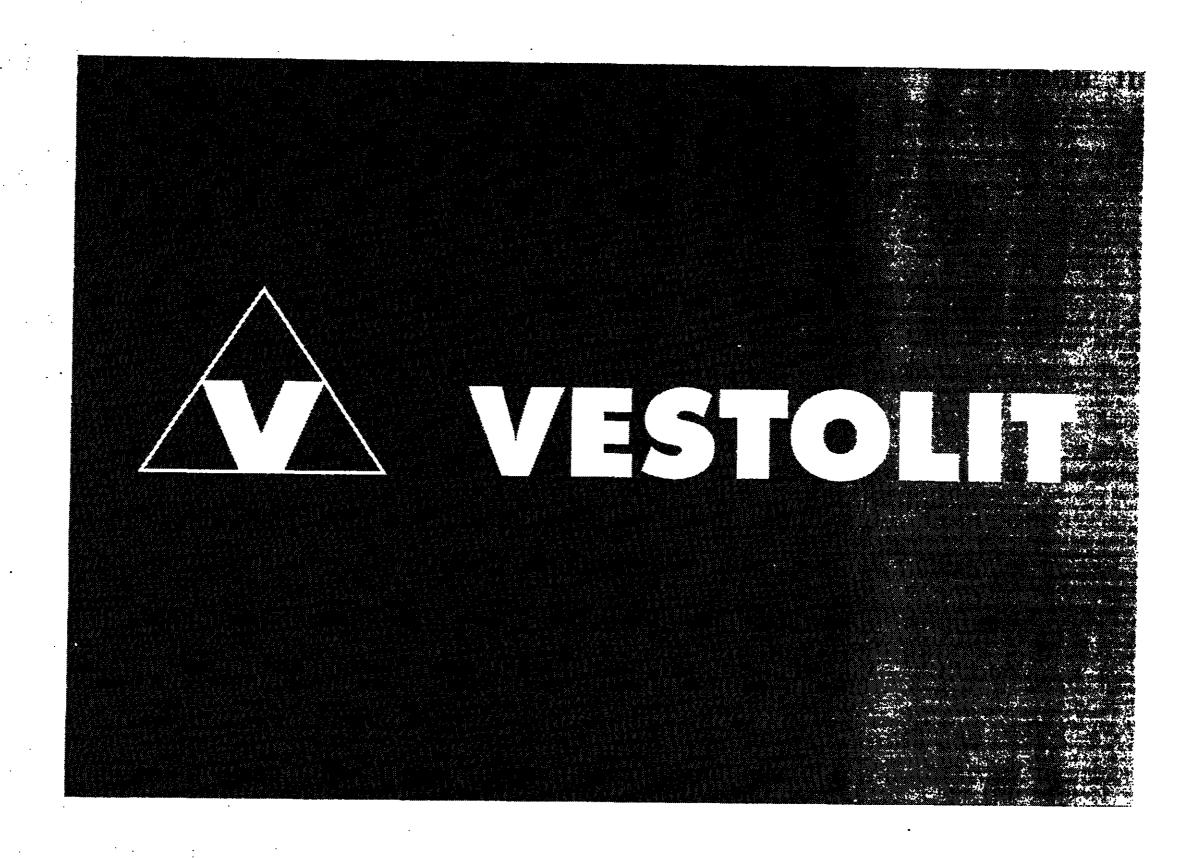
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Mrs Mandela admits things had gone 'horribly wrong'

Stompie's mother in emotional embrace

Winnie makes stern denial of accusations

By Roger Matthews in Johannesburg

Winnie Madikizela-Mandela, former wife of South Africa's president and a heroine of the struggle against apartheid, yesterday flatly denied being involved in the murders, beatings and kidnappings of which she has been if she would simply say "I am sorry for accused. She frequently described as my part in what went horribly wrong". carried out by Mrs Mandela in her bishop Tutu had to ask counsel to be she still disputes. "ludicrous", "nonsense", and a "pack of "ludicrous", "nonsense", and a "pack of lies" evidence brought against her durcabinet ministers and other senior formed the "Mandela United football ing the previous eight days of hearings in Johannesburg conducted by the Truth and Reconciliation Commission. But after an emotional appeal from Archbishop Desmond Tutu, chairman of the commission. Mrs Mandela admit president of the party later this month performance will come in two weeks ted things had gone "horribly wrong"

and she apologised to the families of ting the gross human rights abuses of to President Nelson Mandela, and Mandela was kissed and embraced by tion, and would enhance her greatness her before a court of law.

members of the ruling African National club" in Soweto during the late 1980s dignity. Other commission members Congress underlined the political has been by far the longest, and someimportance of the proceedings, and the times the most tense, carried out by impact Mrs Mandela's testimony may the commission. The most immediate have on her bid to be elected deputy political judgment on Mrs Mandela's The Truth Commission is investiga- when the ANC conference bids farewell

victims for what had happened. She the apartheid years, has the power to chooses a new leader and deputy. was responding to the archbishop's grant amnesty, but makes no findings statement that he still loved and as to guilt. Mrs Mandela is not seeking embraced her, and he believed she was amnesty and challenged anyone who a great person, an incredible inspira- did not believe her evidence to bring

The hearing into the alleged abuses

back of her Soweto house survived less hostile, and congratulated Mrs Mandela on conducting herself with said they admired the way Mrs Mand- son Mandela, to disband her "football ela had made herself available for questioning in a way other leaders had not. At one point Archbishop Tutu asked the families of the victims to come forward, and in an emotional moment Mrs

the mother of Stomple Seipei, the 14-Mrs Mandela's refusal to accept any year-old boy whom one witness responsibility for crimes carried out by accused Mrs Mandela of stabbing to the "club" members who lived at the death. Mrs Mandela was several years ago found guilty of kidnapping the boy. intense questioning which lasted more along with three others, from a Meththan eight hours. Several times Arch- odist mission in Soweto, a conviction

> The main thrust of Mrs Mandela's evidence was that when requested during a prison visit to her husband, Nelclub" because of mounting concerns over its activities, she obeyed. What the members of that club did subsequently was not her responsibility, she



Winnie Mandela: denies accusation

news digest

Annan confident on landmines

international treaty banning anti-personnel landmines during a two-day signing ceremony in Ottawa that ended

Many of the treaty signatories also promised to provide funds to clear the world's 110m mines and rehabilitate

Though the biggest military powers - the US, Russia and China - declined to sign the treaty, Kofi Annan, UN secretary-general, said in Ottawa he was confident it would provide the impetus for a universal ban. Washington will resume its attempt to negotiate a landmine pact in the Geneva-based UN disarmament conference, which also includes Russia and China, when the 61-member conference reconvenes

The US no longer exports mines and Russia and China have stopped exports of undetectable mines. Countries in Ottawa have already pledged millions of

dollars in funding for demining and rehabilitation, going some way towards Washington's announced goal of raising \$1bn a year to clear the world's minefields Rehabilitation of victims could cost another \$300m

annually, according to Cornelio Sommaruga, president of the International Committee of the Red Cross. Landmines dotted around some 70 countries kill or maim an estimated 26,000 people, mostly civilians, Frances Williams, Geneva

ISRAELI DISPUTE

Public sector strike continues

Benjamin Netanyahu, Israel's prime minister, yesterday failed to persuade public sector workers to end a second day of strikes in a dispute that has paralysed the

Mr Netanyahu held talks with Amir Peretz, leader of the Histadrut labour federation, before leaving for Bonn, where today he will hold talks with Helmut Kohl, the German chancellor. Mr Netanyahu is scheduled to meet Madeleine Albright, US secretary of state, in Paris tomorrow.

The Histadrut said its members would not be returnin to work, defying a court order which instructed 700,000 employees to end the strike on Wednesday.

Yesterday the airports, railways, banks, ministries and state-run utilities remained closed as workers demanded that Yaakov Neeman, the finance minister, reinstate a pension plan negotiated with the union under the previous Labour government and consult them on

According to the Manufacturers' Association, the umbrella for Israeli industry, the strike was costing its members \$40m a day while El Al, the national sirline, which recently climbed back into profit, said the strike was costing it \$3m a day.

Agricultural producers, who normally reap pre-Christmas shopping in Europe, said it had 2,500 tonnes of avocados waiting to be shipped. Judy Dempsey, Jerusalem

■ ARMS INSPECTIONS

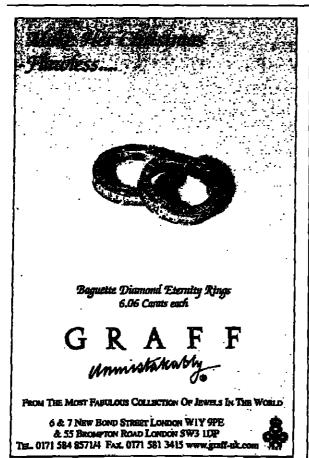
UK and US warn Baghdad

Britain and the US yesterday warned Baghdad that they remained prepared to use military force if Iraq did not bow to United Nations demands for unrestricted arms

George Robertson, UK defence secretary, and William Cohen, US defence secretary, told reporters following talks that they hoped diplomatic pressure would succeed but that the two countries remained firm in their determination to halt Iraqi attempts to produce chemical and biological weapons.

"The clear message for the people of this country and

indeed for the whole world is that this crisis is not over," Mr Robertson said of Iraq's refusal to allow inspections of certain presidential palaces and other facilities



Swiss tell banks to reopen Mobutu probe

By Jimmy Burns in London, Michael Holman in Brussels and Michela Wrong

The Swiss government is pressing six Geneva-based banks to re-examine suspect accounts after the new govemment of Congo, formerly Zaire, suggested larger sums may have been deposited by the late President Mobutu Sese Seko and his aides than

originally believed. The Swiss government has ordered the banks, already suspected of having held Mobutu, to give further try's recovery programme.

that the banks got it wrong expected to be limited by and the information we got donor concern over allegawas inaccurate," Falco Galli, tions of human rights Swiss federal police spokes- abuses.

pect Mobutu accounts in national organisations. May, puts at SFrem (\$4.2m) the amount of cash depos-

Meanwhile, donors attendthe reconstruction of Congo agreed in principle vesterday to establish a trust fund as trust fund for a \$4bn threeaccounts on behalf of Mr the first step in the coun-

information. "It is possible Support for the fund was mixed. The European Union, additional information to the

The conference, chaired by Earlier information pro- the World Bank, is being rided to the Swiss govern- attended by delegates from vided to the Swiss govern-ment, which blocked all sus-16 governments and 10 inter-Although Bank officials

had emphasised that the conference was not a pledging session, they were nevering a meeting in Brussels on theless hoping for contributions to what would be a World Bank-administered year recovery programme. Support for the scheme is Ill-Gotten Gains) provided

tial donor with Ecul50m (\$168m) earmarked for country's new president. It is unlikely to contribute to the fund and will instead channel part of its aid towards a

organisations. The new Congo government has been co-operating with the Swiss on the issue of deposits. Its Office des Bien Mal Acquis (Office for

delegates - are particularly outraged at

on emissions from developing countries,

countries to refuse to make commitments.

change debate since it started in 1990, the

lobbyists he calls the "carbon club" have

taken talk of emissions cuts as a serious

actions since then "a new form of crime

Environmentalists were so sure of their

arguments that they have lagged behind in

hard lobbying of the decision makers. They

also lack the financial clout of the industry

lobby, which has spent \$13m in the US over

threat from the outset. He calls their

against humanity".

the last two months alone on

advertisements attacking the Kyoto

According to Jeremy Leggett, an Oxford

while at the same time advising those

scientist, who has followed the climate

Exxon, which they say has been pressing

the US government to demand commitments

health programme adminis-

tered by non-governmental

which is the largest poten- Swiss under a mutual legal The OBMA's head, Jean-

Congo, has been highly criti- Babtiste Mulemba, said: "It cal of the human rights is very difficult to know record of Laurent Kabila, the exactly how much there is abroad, but none of the countries give figures we find credible. When they give an estimate of millions of dollars we believe that bil-

lions are more likely." Working with European and American lawyers the OBMA has been locating bank accounts, shareholdings, companies, and properties Mobutu established with family and close aides.

Switzerland and Belgium are the only western countries to have frozen Mobutulinked assets. Switzerland has blocked the sale of a luxury villa overlooking Lake Geneva. Belgium is sending a team of police and lawyers to Kinsbasa on Sunday to help the local government in their assets trace.

Mr Mulemba said that France, Mobutu's most faithful ally, "has not been cooperative" and had not as yet taken action against his properties in the country, or against bank accounts allegedly held in his name or that of his coterie.

call for

emission

ence at first, with many

experiencing long, hot sum-

cost of natural disasters is

they will bear the brunt, will

In a joint statement with

the United Nations Environ-

Europe and Japan will

express support for a mar-

ket-based approach to impos-

ing limits, where countries

could trade their carbon

The world's biggest insur-

expected to rise sharply.

Japan attacked as climate deal nears Insurers

By Leyla Boulton, ironment Correspondent,

A package deal to combat climate change emerged behind closed doors yesterday as the European Union launched a fierce attack on

Japan's performance as host to the 160-nation talks. Pierre Gramegna, representing Luxembourg in its role as president of the European Union, accused Japan of departing from its proper role as host by leading "an offensive" against the

so-called EU "bubble". This is the EU's plan to allow its 15 member states individually tailored targets for curbing greenhouse emissions while insisting that all other industrialised nations agree a flat-rate cut.

"We can't understand that the host country is leading this offensive because we think the host country should act as a broker," Mr Gramegna, Luxembourg's ambassador to Japan, told a news conference.

ferred by the bubble.

This would allow Portugal

Industry lobbies play a spoiling game Green groups – and some country

They all wear green badges, but their politics do not always match the conference identity tags, write Bethan Hutton and Leyla Boulton.

The climate change conference in Kyoto is swarming with lobbyists, representing all viewpoints, who accuse each other of bad science, bad economics and distortion.

One of the largest non-governmental organisations at Kyoto is the Global Climate Coalition (GCC), a US group which represents the oil, coal and car industries.

GCC was yesterday awarded the "Scorched Earth" trophy by Friends of the Earth, after a public vote on which group had tried the hardest to derail the talks with "spurious scientific analysis and claims". Exxon, the US oil company, which

also belongs to the GCC, was voted second. It is campaigns by the GCC and similar groups which have held the US government back from proposing substantial cuts in greenhouse gas emissions.

Germany took a 25 per cent to our friends from the cut. Japan yesterday hit out Fourth Estate," said Mark at the EU approach as

But despite the public He was responding to a exchange of insults, negotia- senior negotiator, mean-Japanese proposal that the tors said they were optimised while played down the EU should agree a heavier tic a deal would be concut than non-EU nations to cluded by ministers, who an attempt to "win the symreflect the advantages con- will take over the talks on pathy" of public opinion as Monday.

co-operation than apparent down to hard bargaining.

Hambley, a top US negotia-

tor, referring to the media. Toshiaki Tanabe, Japan's negotiators meeting mostly "There is a lot more behind closed doors got

"Now everybody knows to what extent each side can come closer," he said. "The only solution is a package deal where everybody com-

He declined to give details which he said would depend on final horse-trading by ministers.

But it became apparent from various sources yester- of their target by cutting day that a deal is likely to

accord allowing industrialised countries to meet part

■ Differentiated targets for all industrialised nations despite EU insistence in public on a one-size-fits-all cut for non-EU countries. This is the price the EU is likely to By Christopher Adams have to pay to keep its bub- and Layla Boulton ble in place.

comprise the following ele-

Some degree of trading in Climate change could be a emissions of greenhouse deceptively pleasant experigases, which is a key US demand. The EU has expressed fears the US might mers of the sort occurring try to meet any obligations only once a century. But the largely by purchasing emissions from the Russian Federation. But Jorgen Hennigsen, senior European ance companies, concerned Commission negotiator, said yesterday progress had been urge world leaders in Kyoto considerable in "understand- today to agree international ing how trading and joint curbs on greenhouse gases

implementation" could be incorporated into a deal. ■ A Clean Development ment Programme (Unep), a Fund to help transfer to group of 35 insurers from developing countries more energy-efficient technology for cutting emissions. Brazil had proposed this be funded by fines for developed countries that falled to achieve their legally binding commitments, but this is now more likely to be financed by the private sector under an

emissions further afield.

emissions allowances. The report will recommend businesses take orgent action. "Climate change will have a big effect on some industries and you have to plan for it," says Andrew Dlugolecki, assistant general manager of General Accident, the UK insurer.

insurance companies believe global warming is already altering weather patterns. Natural disasters, mainly windstorms and flooding, have increased more than fourfold during the past 20 years, says Munich Re, the world's big-

From 1987 to 1993, 16 catastrophes occurred, costing more than \$1bn each, resulting in insured losses worldwide of more than \$50bn. Of those, 85 per cent were due to windstorms and 15 per cent to earthquakes, oil spills and fire.

Even small shifts in storm patterns can cause a big rise in property damage. Computer simulations show that if the strength of a hurricane rises by 10 per cent, a 150 per cent increase in damage can occur, says Mr Dlugolecki. The cost of natural disas-

ters has risen with the concentration of wealth in the world's most developed cities. A hurricane hitting Miami tomorrow could cause damage totalling \$100bn. Beyond recommending

that limits be imposed on carbon emissions, the insurers say investment managers should help develop environmental reporting standards to be used "alongside benchsecurity.It also says that the capital resources of both the public and private sector should aim to promote alternative energy generation and use".

Insurance companies manage nearly a third of investments in global stock mar-

US insurers have yet to express strong support for curbing emissions. The Reinsurance Association of America says some of its members fear they could be held legally responsible for signing the UNEP document.

Onslaught on coal blunted by growth in Asian demand

Coal-burning produces 23% of carbon emissions



if ministers who gather in Kvoto next week to discuss climate change beed the mentalists they will shut down the world's coal

Coal offends the "green" mind on many levels. Opencast mining despoils the physical environment. altering the landscape and affecting the water table. But more importantly the burning of coal generates some 23 per cent of world carbon emissions.

Carbon dioxide (CO₂) is the principal greenhouse gas. Environmentalists say that if man-made production of this gas is left unchecked, large-scale and harmful changes will be caused to the world's climate during the next century.

Greenpeace, argues that failure to cut emissions of greenhouse gases risks "severe ecological impacts and climate instability" in the

receives in some countries economies that comprise the transferred to renewable Organisation for Economic energy projects. Coal, however, is a vital source of energy, and one not easily replaced by alternatives if in the November issue of current living standards are to be maintained. It accounts for 27 per cent

of total world energy consumption and it is the single largest source of primary energy for the production of electricity. In 1995 coal produced 37 per cent of the world's

electricity, compared with 21 per cent for hydro power, 17 per cent for nuclear and 16 per cent for gas. And coal is set to become an even more popular source of energy for electricity generation, especially in the

Asia-Pacific area, the world's fastest growing region. Among countries of the Asia Pacific Economic Co-operation (Apec) forum electricity generated by coal

has risen from 24 per cent of environmental lobby group, total output in 1980 to 40 per cent in 1994 and is projected to rise to 50 per cent by 2010. Replacing coal by renewable energy would take time and may not even be desirable for those It wants an immediate concerned to preserve the phasing out of coal mining countryside. For example,

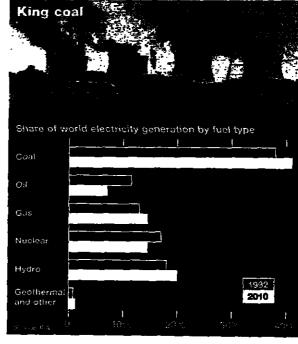
Co-operation and Develop-As Chris Cragg points out

Energy Economist, if wind power were to replace even a quarter of Britain's current electrical generation it would use 58 times as much land than is currently devoted to it.

Similarly with solar power. If all of western Europe's most prospective solar energy sites were utilised (3,530 sq km of south-facing fronts) they could generate only 16.3 per cent of the area's electricity. In the run-up to the Kyoto

conference, the coal industry found itself in an uncomfortable position. is that it is offering a Though sceptical of the non-global solution science underpinning achieve a global ambition; predictions of climate that just doesn't make change, it accepts that sense," says Ron Knapp, emission from coal-fired power stations have to be reduced. At the same time it London-based lobby. is resisting moves to penalise rich countries by industry favours policies insisting that any solution to which seek a "co-operative globa1.

Simply targeting the so-called "Annex 1" countries (OECD, former replacing the large fossil and coal's use in electricity wind power accounts for Soviet Union and eastern fuel base that supports the generation. It also wants the only 0.34 per cent of bloc countries) ignores world economy," he says. subsidies which coal electrical capacity in the where the growth in the use



of coal is taking place -

Most of the projected 550m tonne growth in world consumption of coal to 4.6bn tonnes by 2010 will come from increased usage in Asia, mainly in China.

"The problem with Kyoto chief executive of the World Coal Institute, the industry's Mr Knapp says the coal

global warming has to be and voluntary rather than a command and control approach". This is because "we don't have a solution to But environmentalists See feature, UK Page

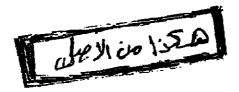
dispute this. Greenpeace says there is huge potential for renewable energy. "What is lacking is the political and industrial will to develop it." a spokesman says. The environmental lobby

agrees, however, that the use of coal will have to be phased out over time, but it marks for profitability and can be done. Denmark has committed itself supplying 40 per cent of its electricity needs by offshore

wind farms. "We haven't even started to tap the resource offshore for wind power," Greenpeace

Simon Holberton

This is the fourth in a series of articles on issues related to climate change negotiations Soviet Union and eastern fuel base that supports the at the Kyoto conference in

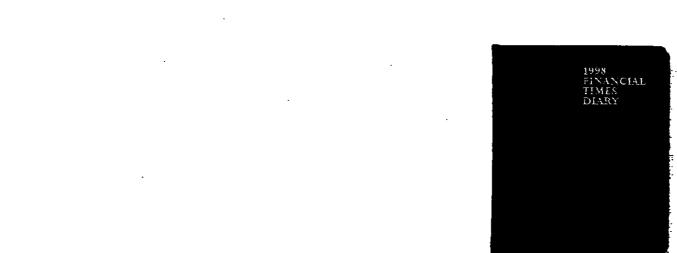


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FINANCIAL TIMES
Diaries

Writ from Tiny Rowland says Harrods owner offered \$16m to lie to MPs | Northern

Fayed accused of bribery attempt

By John Mason. Law Courts Correspondent

The long feud between Tiny Rowland, the former Lourho chairman, and Mohammed Fayed, owner of the Harrods store in London, took a new Fayed of offering him a £10m (\$16.7m) bribe to lie to a Par-

liamentary committee. According to writs filed in the High Courtin London, Mr Rowland claimed Mr Fayed had offered the bribe if Mr Rowland lied to sup-

foreign secretary.

The writs also claim that Mr Fayed offered to return to Mr Rowland potentially damaging documents taken and vitriolic turn yesterday from his safety deposit box ranking trade minister, men had lunch at Harrods. when it emerged that Mr at Harrods' bank to apply Rowland had accused Mr additional pressure on him to lie to the House of Commons standards and privileges committee.

The allegations were "categorically" denied by Michael Rogers, Harrods legal direc-

Share of market (%)

port the Harrods owner's court that they are false and were no grounds for them. bribery allegations against malicious and that it is Mr Michael Howard, the shadow Rowland himself who has the proven track record of bribery and corruption." he said.

Mr Fayed has claimed Mr Howard, when a middleaccepted a £1.5m bribe to gation into the takeover of House of Fraser. However, in March this year, Sir Gordon Downey, the Parliamentary Commissioner for Standards, tor. "We are satisfied that cleared Mr Howard of the we will be able to prove in allegations, saying there

Power game: coal's role in electricity generation

The writs state that. before the alleged opening of the deposit box in December 1995. Mr Fayed had written to Mr Rowland to persuade

him to lie to the committee. In March last year, the two Mr Rowland claims that Mr launch the Department of Fayed showed him a brown Trade and Industry investi- envelope supposed to contain material damaging to Mr Rowland. Mr Fayed then also offered him £10m and ownership of Turnbull & Asser, the up-market shirtmakers, the

Mr Rowland stated he resisted the blackmail attempts. He is now seeking damages, return of any property in Mr Fayed's possession and an injunction preventing unauthorised copying of material.

Mr Rogers said Harrods would not comment ahead of the court case. But he said Mr Fayed did not own or control Turnbull & Asser in March last year and has not done since. "He would not therefore have been in a position to offer it to Mr Rowland or indeed anyone else", he said.

Ireland talks edge closer to accord

By John Murray Brown and John Kampiner in Dublin

The Northern Ireland peace talks are being shunted slowly towards a settlement next year. For the first time, the governments are daring to be optimistic that a deal acceptable to both unionist and nationalist communities can be struck near to next May - the deadline set by Tony Blair, the UK prime minister. Neither side is too fixated about an actual date.

Pivotal to progress is the relationship between Bertie Ahern, prime minister of the Republic of Ireland, and David Trimble, leader of the Ulster Unionist party, the largest pro-British party in the region. That link got off to a flying start last month with their first meeting since the Irish election. Not easily pleased, Mr Trimble emerged positively beaming from that first encounter.

What did Mr Ahern say to so charm him? "David Trimble asked 'are we interested in conflict or are we interested in lasting peace?. I told him we're interested in trying to live on this island by agreement," said Mr Ahern. He then outlined three reasons why a deal was in Mr Trimble's interests - a new parliament and government for the north, a new Anglo-Irish agreement and "peace and harmony"

on the whole island. Since then an obstacle appeared when David Andrews, the newly-appointed foreign minister and head of the Irish government delegation at the talks, described the proposed north-south cross-border body ~ intended to co-ordinate between Dublin and the new administration in Belfast – as a "government".

Mr Trimble hurled opprobrium at Mr Andrews, seeing in his remarks confirmation of unionist fears that, deep down, the southern Irish still wanted to take

over the north. Mr Abern repudiated his minister's comments and has since tried to clarify exactly what kind of panitself. "We're not talking about a powerful and inde pendent secretariat, free from direct political role enacting autonomously like the European Commission. Any secretariat will act at all times only on instructions of the two administra

tions," he says. It is all part. Mr Ahern explains, of a "balanced accommodation". The template has already been set, but the final details will require careful calibration. If the Irish view prevails, both governments would agree, in effect, to leave Northern Ireland's "Britishness" unstated. Articles Two and Three of the republic's 1937 constitution — drawn up under Eamon de Valera 16 years after partition but 32 years before the start of

 would be revised. No longer would any Irish claim to the territory of the north be explicit. Instead, the possible wording, according to Mr Ahern, not too bad." midght leave intact the defi-Ron Davies and Donald nition of the Irish nation being the island of Ireland. At the same time, it could acknowledge the separate status of Northern Ireland, although it would fall short of recognising it as an inte-

the "troubles" in the north

Mr Ahern said he "assumed" Mr Trimble would be head of a new administration for Ulster. Whether the title should be prime minister, or first minister as is planned for the new devolved executive in Scotland, was "a matter for UK NEWS DIGEST

Royal Opera chairman quits

Lord Chadlington, the embattled chairman of London's Royal Opera House, resigned yesterday. His eight fellow trustees offered to quit immediately, but will remain under Sir James Spooner, deputy chairman, until a new board can be formed. The resignations are a speedy response to the demand by the House of Commons culture committee for the resignation of Lord Chadlington. the board and Mary Allen, the chief executive. Ms Allen is holding firm and yesterday Lord Chadlington and the board said they were "unanimous in their support for the existing management and staff".

Lord Chadlington added: "The time has come for a major change. It's right that I should go, and right for the board to go. There should be a totally new board, operating with real transparency, independent trustees representing no sectional interests."

The new board is being formed on the advice of Chris Smith, chief culture minister, who is ultimately responsible for the Royal Opera's £15m (\$25m) annual state subsidy, administered by the Arts Council. "I intend to discuss urgently with the board and the Arts Council how to ensure that the transition to the new board proceeds in an orderly way," he said.

■ TELECOMMUNICATIONS GROWTH

Internet provider awarded licence

Easynet Group, a small, AIM-listed company, yesterday claimed to be the first UK independent internet service provider to be awarded a full public telecommunications operator's licence. It will enable the group to provide services such as personal numbering and pre-paid access, together with the right to complete call connections on its own network. These are currently the sole prerogative of licensed operators. The broader implication of the award is a further blurring of the distinction between telecoms operators offering chiefly voice calls and internet service providers managing data traffic over the operators' lines. It had been anticipated that operators such as British The Easynet move suggests service providers will light

Telecommunications, WorldCom and AT&T would eventually take control of the internet from service providers. back by becoming operators in their own right. Easynet is spending about £1.8m over two years with GPT, the UK's niggest telecoms equipment manufacturer, for the telecoms switching equipment and intelligent networking systems to run advanced services. Alan Can

STERLING STRENGTH

Employers attack 'macho' policy

Graham Mackenzie, director-general of the Engineering Employers' Federation, said yesterday that the Treasury was "not listening enough" to industry about the damage the strong pound - at close to DM3.00 - was doing to UK manufacturers. He said Gordon Brown, the chancellor of the exchequer, was guilty of a "macho" approach to policymaking, leaving the Bank of England, the UK central bank, to raise interest rates to combat economic overheating rather than using tax rises on consumers.

According to the federation, the high pound is "making life increasingly difficult" for much of the engineering industry, by making exports more expensive and increasing competition through cheaper imports. The sector has total annual sales of £160bn (\$267.2bn) and a workforce of 1.7m. Mr Mackenzle is to meet Mr Brown on December 17 to present a report on how the federation's 5,000 members view European monetary union. He will also press home the industry's concerns about the pound.' Peter Marsh

CAR SALES

Competition spurs 12.5% increase

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Sales of new cars in the UK last month were 12.5 per cent higher than in November last year. Industry officials said yesterday there were no special factors. Demand appeared to have been stimulated by competition between more than 50 companies jostling for sales in one of Europe's most open markets. The November rise has lifted the market to well over 2m with December's sales still to go. according to the Society of Motor Manufacturers and Traders. The SMMT's statistics show registrations for the first 11 months of this year at 2,086,091, a 7.1 per cent increase on the same period of 1996.

■ ENERGY SUPPLIES

Ford plant to have solar generator

Ford is building Europe's biggest factory solar power gen erator at its engine plant in Bridgend, south Wales. The £1.5m (\$2.5m) installation, funded jointly with the European Union and the UK Department of Trade and Industry, will cover 2,250 sq m - nearly a tenth of the factory's area. The project will generate enough power to provide all the lighting for the site, which employs 1,300 workers and operates continuously throughout the year. The installation includes 26 solar units containing more than 1,500 photovoltaic cells. Juliette Jowit, Cardiff

ECONOMY

Interest rates remain unchanged

The Bank of England, the UK central bank, left interest rates on hold yesterday, as the Confederation of British Industry, the biggest employers' lobby, reported that spending in the shops was much lower last month than retailers expected. The monetary policy committee's decision to leave the Bank's repo rate at 7.25 per cent came as no surprise. But many analysts believe that rates will rise again early in 1998. Alastair Eperon, chairman of the CBI's distributive trades survey panel, expressed a "very firm view" that rates should not rise before Christmas. later next year.

48 per cent of retailers saw sales volumes increase in the year to November, compared to 25 per cent reporting a decline. The net balance of 23 per cent recording an increase was well below the 39 per cent that had expected an increase a month earlier.

Curbing gas-fired power will not

save coal The government's ban on new gas-fired power stations will not save the coal industry. The reality was spelled out in evidence from the government's trade and industry department to the industry committee of the House of Commons on

Wednesday. The department thinks the UK coal industry's market will halve by 2000 while gas and nuclear power will gain a bigger share of electricity

The government should welcome this development. Its election manifesto promised a cleaner environment and an energy policy based on "secure, diverse and sustainable" supplies of primary fuels. This is precisely what the changing fuel mix will

To put a brake on applications for further gas stations, Mr John Battle, the energy minister, used the reservations of National Grid - which operates the system in England and

European deals could save pits

RJB Mining is negotiating with power stations in Germany and Spain to export up to 8m tonnes of coal in a move that could avert the closure of some of the eight English mines under threat. The UK government has lobbied the German and Spanish governments over the subsidies they pay to keep miners in work. UK government figures suggest German production costs are about three times those in the UK, while in Spain they are nearly nine times as high. A European Commission probe has found that German coal subsidies secure the survival of companies receiving them.

National Grid's reservations imply a cessation of gas station building.

Although the long term outlook for coal is bleak, it is bleakest for RJB Mining, the UK's biggest mining com-

type of coal used by power

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Wales - about future system stations will hold up quite of his initiatives "to level the security. But not even well in 1998-99 compared with this year, but RJB has failed to secure enough orders. The company will sell 30m tonnes this year, but looks likely to secure orders for only 20m tonnes next year. The market is due to contract further in subse-

playing fleid". In the past the terrain has quent years. As Richard Budge, the

been skewed against coal. Regional electricity companies were allowed to sign long-term contracts with gas-fired power stations for a fuel that has subsequently become more expensive than coal - and has resulted in

told MPs on Wednesday, RJB

cannot compete against

other UK coal producers and

cheap imported coal. Indeed,

up to 7m tonnes of its 10m

tonne shortfall bave been

won by other UK producers.

day underlined, past alle-

giance to coalminers and the

industry for which they

Mr Battle made great play

work still exerts a powerful

pull on Labour ministers.

As the events of Wednes-

fired stations. higher household bills than

company's chief executive, would have been the case if

Simon Holberton See Editorial Comment

coal were used. Nuclear

power - which has pushed a

lot of coal fired power sta-

tions of the system - used to

benefit from direct subsidies.

Mr Battle and the govern-

ment's electricity regulator

have done much to remove

these distortions. But gas

will remain the generators'

The current generation of

gas-fired power stations con-

vert 55 per cent of their pri-

mary energy into electricity.

The best coal-fired plants

convert 38 per cent of their

Gas-fired stations are also

cheaper to run and emit

fewer pollutants than coal

primary energy into power.

preferred fuel.

Brussels threatens legal move on beef blockades

Financial Times Reporters in

Brussels will take legal action against the UK if farmers' blockades continue to damage cross-border trade, Neil Kinnock, the EU transport commissioner, said yesterday.
The blockades by British

farmers against beef from the Republic of Ireland were condemned yesterday by Jack Cunningham, the UK agriculture minister, after he met Joe Walsh, the Irish farm minister. Mr Cunningham said: "Farmers are not above the law."

The UK cabinet discussed beef at a routine meeting yesterday after blockades of ports in Wales and southern Scotland this week by farmers protesting against imports of beef from Ireland and elsewhere. Prices have fallen to a 20-year low. They usually rise before Christmas as demand increases. The prime minister's official spokesman said the cabinet recognised that farmers were facing very difficult times. We need to keep in touch with them to see what we could do to mitigate the

effects," he said. On the blockade of Irish imports, he said: "The Irish government has been one of the strongest supporters in Europe in our efforts to get the beef ban lifted. It doesn't help that they are having difficulties getting their beef through our ports."

Top scientists lead committee

The Spongiform Encephalopathy Advisory Committee is a group of scientists who advise ministers, our Science Editor writes. The four most influential members

• Professor John Pattison, the chairman and dean of the medical school at University College, London, and a microbiologist. He says the UK will have to wait a few more years to discover whether it faces a health calamity through a CID epi-

demic caused by BSE.

Robert Will, deputy chairman, and a consultant neurologist and director of the National CJD Surveillance Unit in Edinburgh, Scotland.

· Peter Smith, an epidemiologist at the London School of Hygiene and Tropical Medicine. He was appointed in September to chair a subgroup to Seac that will mon-

itor any emerging CJD epi-• John Collinge, who runs the prion disease group at St Mary's Hospital medical school in London.

Last night, UK farmers' leaders met John Donelly, president of the Irish Farmers' Association, to discuss how they could work already giving the industry

lem. Richard MacDonald, director general of the National Farmers' Union of England and Wales, said: "We fully understand we are causing them a lot of diffi-culties, but we need their help to remedy it. They have an interest to try and restore

normal trading". Butchers in Britain yesterday reported panic buying among consumers anxious to purchase ribs and T-bone steaks before the government's ban on sales of meat on the bone came into effect. Mr Cunningham said on Wednesday that the latest scientific information showed that "mad cow disease" might be transmitted through beef bones.

Mr MacDonald said: "We were very, very worried (on Wednesday) that consumer reaction would be terrible. I'm crossing my fingers, but the first anecdotal evidence is not too bad;"

Dewar, chief ministers respectively for Wales and Scotland, were among those at yesterday's cabinet meeting who warned about the situation facing farmers. Mr Cunningham said in gral part of the UK.

the House of Commons later: "We are discussing how, or whether, we will be able to announce extra support for them [hill farmers]."

Mr Cunningham took a harder line on Wednesday, saying the government was together to resolve the prob- £1.5bn in support this year. | the parties" at the talks.

But the CBI does expect interest rates to rise a further quarter-point in the next few months, before edging down The CBI's latest distributive trades survey showed that

Wallpaper manufacturer owned by KKR wins NatWest-Financial Times Export Excellence Awards

urrency risk changes help Borden to victory tions and hedging to compete bet- tion was designed by Mr Ian Camp- receive their fees and a dividend on

Borden Decorative Products, the pound. world's biggest wallpaper manufacturer, was yesterday named winner of the NatWest-Financial Times Export Excellence Awards in one of the tightest competitions in the five years of the event.

Borden came second last year risk management. This enabled leader with Borden. Borden to use currency fluctua-

ter against German rivals in east- bell, director-general of the Instiern Europe, despite the strong tute of Export, who chairs the

Crown's wallcoverings division, to enable small companies to com-

judges. Companies are judged on The company was formed out of the quality of their management, earn about £70m (\$116.9m) - 60 per

profits.

The most spectacularly growing finalist was Fresh Catch of Peterhead in Scotland. It has doubled its turnover to £16m in the past two

The fourth finalist was Alpha southern England, which exports about a fifth of its £5m turnover. specialising in equipment for the

biotechnology market.

went to Crocodile Clips, an Edinburgh software developer which has designed a multimedia aid for teaching electricity and electronics. The French government bought it for all its schools, sales years and exports 80 per cent of its are increasing rapidly in Germany output of fish to customers as far and the US, and a Spanish version is in preparation

The awards are sponsored by the Laboratories of Eastleigh, in FT and NatWest. The other judges were Mr Harry Twells, of the Export Troubleshooting Consultancy and an FT Exporter columnist, Mr Dick Watt, of Trade The newcomers' award - which Indemnity, the credit insurance



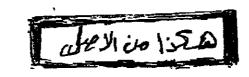
By Order of the Liquidator T P Dales of Nursi Brown & Dales Sale of Freehold BUTLERS FURNISHERS LITD comprising 16,000 sq ft Robal Department Store with 41 space Cat Pask 2,000 sq fl detached warehouse with bonlage to London Floori office Car Parking of approx 10 000 so with re-dovelopment potential How Search ondon's No. 1 Specialist Search Company LET US SEARCH FOR YOU Tel +44 (0) 17! 838 1066 Fee: +44 (0) 171 838 1077 iomeSearch (London) Ltd Knightebridge SW3 CANARY ISLANDS SPAIN
LAND: WILLOW STAN FRONT BEKER COCATED IN AN EXCLUSIVE VALUET PROME BELLE ON THE SOUTH COURT OF PRETEVENTURA SLANC SIGNAT THE INTERNATIONAL ARPCRIT CONSTRUCTION PERMIT FOR 17TH SOUTH 20M SKREENE 18M OF BEACH AND 12 HOTELS OR CONGOMBLISH WITH 1800 BEES CAPACITY PLANE FOR SOUTH COURSES, ENHIS CLIE AND WHOM PHONE 34 1 TS98072 FAXCS 1 3881739 MANDRO

By Ian Hamilton Fazey

which used to be part of Reed pete fairly with giants. Borden will International, then Williams Holdings, and Storeys, which used to be cent of its turnover - from exports away as China and Australia. part of T&N. The current owner is this year, while the smallest final-KKR, the New York finance house, ist. UNECIA, will earn only 23m. but had remedied faults found by which is planning to sell an 88 per judges in on-site audits of its cent stake to Blackstone, another export management. Chief US investment company, and form improvement was a change from a wallpaper giant with Imperial, education and training, environdefensive to proactive currency the US's current joint market mental projects, health and social

UNECIA, a consultancy agency owned by 10 northern England universities, supplies consultants for

and economic development. Most is for companies with less than group, and Mr Brian Parry, of The excellence awards competi- are from the universities, which three years exporting experience - KPMG, the accountants.



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11



Big, bright technique: Jeroen Hofmans as Romeo in Andre Prokovsky's new, skilfully edited version for the Royal Ballet of Flanders

Sure steps of doomed lovers

Clement Crisp reviews 'Romeo and Juliet' in the Hague

find Prokofiev's score for Romeo and Juliet does go on. And choreographers, daunted by the very idea of using this music, go along with its garrulities. Hence the interminable crowd scenes, the ram-(like a provincial Clytemnestra), the repeated clash of rapiers. All of which, of course, provides a setting for the young lovers' tragedy - seems harried by editorial but so much so that there is decision. The tragedy is true, sometimes more setting than and Prokovsky - everywhere of the ballet - swift action in

Hence my cheers for

he arts sponsorship indus-

ness Sponsorship of the Arts has a

new chairman, advertising tycoon,

Robin Wight, who is keen to push through a root and branch overhaul

of everything in his remit, from the

His arrival has coincided with a

new vitality in the business, a vital-

ity motivated by the fact that the

remorseless growth in arts sponsor-

ship, which saw expenditure rise

from £600,000 in 1976 to £80m a year

in a little over two decades, now

On Monday a conference, on "Cul-

ture, Business, and Society",

attracted over 300 delegates who

seemed aware that things were

changing. The conference was organ-

name to the role of ABSA.

seems to have stopped.

spin-offs.

try seems to have become

revitalised in recent weeks.

The Association for Busi-

sky has made his version in Don's admirable design: a dances, and we accept the two acts. The first part uses most of Prokofiev's first act, ending with the balcony duet. In Act 2 he elides much of the remaining action and music, and only towards the pagings of Lady Capulet end of the evening did I feel that the ballet was on a helter-skelter, whizzing the lovers to their doom.

seems harried by editorial very well-considered. sure in his command of the a setting which allows the classical idiom and able to audience's imagination to Andre Prokovsky in his new, give emotion its head - has

permanent set of grey, mar- manner because of its clear bled panels which can be purpose and no less clear street and square, garden, bedroom and ballroom. (The scenes, with Juliet's despair Capulets, by the art-histori- and seeming death, did I feel cal way, were among the ear- that drama's wings had been liest owners of Uccello's a bit clipped. Hunt by Night, which hangs in the ball-room to fine effect). Costuming by Alex-Not that the production andre Vassiliev, is bright,

The Prokovsky/Don view work - gives this production Juliet; her Romeo, Jeroen

ngrateful though lean, and skilfully edited ver- chosen to cast it in a form its character and its distinc- Hofmans, is a young dancer sion of Romeo for the Royal both allusive and succinct. tion Fighting pours over the who has graduated from the Ballet of Flanders. Prokov- In this he is helped by Robin stage, as do the ballroom Flanders Ballet School and already demonstrates a big. bright technique and a sensitivity in drama which foreeffects. Only in the closing tell brave things. Pascal

> he company performance, which I saw on Tuesday at the Lucent Dance-Theatre in The Hague (superb stage: grim auditorium), was excellent. In Aysem Sunal we had a sweetly childish

Molat, the Mercutio, I have commended before in these columns. He is bright, alert, sparkling in step and manner: very fine. The staging, indeed, shows

the Royal Ballet of Flanders at its best - and must be accounted its most interesting acquisition for several years. Cheers for the company, and for Prokovsky as both choreographer and edi-

Pizza Express chain and sold it for

many millions. And Sir Peter is a

long term supporter of the Royal

Sponsorship

Times, they are a-changin'

new money from the arts since 1984. skills to arts companies rather than The scheme is now being re-assessed, but a strong hint was given that lottery money could be used in

This is essential since the annual grant to ABSA to administer the Pairing Scheme is now inadequate, having been frozen at £5m a year in the past 85 per cent of applicants to the scheme received a boost of government money, now it is nearer two

ised mainly by Allied Domecq and its principal arts client, the RSC. This is a copybook sponsorship, with he hope is that when the new Lottery Act is passed the company putting in a considernext year there will be proable sum, more than £1m a year, vision for assisting arts over a long period and expecting a return, both in corporate hospitality sponsorship. A small sum, even an and in integrating the creativity of extra £2m a year, would make a big actors into its business, through difference. It could be earmarked for companies whose sponsorship supworkshops with staff and marketing port for the arts is focused on educa-

Perhaps the most encouraging tion and access. By that time ABSA may well have aspect of the conference was the contribution of culture secretary Chris a new name and a new purpose. Smith. The government, through the Already around half its work is devoted to contributing management is Sir Peter Boizot, who built up the Pairing Scheme, has raised £125m in

Academy, as well as being a patron of the arts. The link is costing Peterborough, or rather Sir Peter, over £100,000, and is the first time that a football club has sponsored the visual arts. Leicester City and Leyton Orient have backed drama. The RA has found it hard to find sponsors for its recent shows. At the cash, especially the time and experlast minute Christie's helped out on

Sensation (although it should have tise of business executives who take up placements in the Business in the been completely underwritten by Arts and the Board Bank schemes. Charles Saatchi, who owns the contemporary art on show and got tre-This is the future, along with the mendous publicity from lending it to role of the arts in inner-city regeneration, and in the stimulating the RA), and the Friends of the RA of marketing programmes. The recently launched Creative Forum, contributed the £100,000 needed to put on the current display of fairy which is designed to identify new partnerships, to promote them, and to measure their effectiveness, is Theatre Clwyd in Mold has attracted already picking up steam. For the

the largest sponsorship commitment moment at least the philanthropic ever made to a theatre in Wales -£150,000 from Edison Mission aspect of arts sponsorship is taking a Energy. The money will go towards the creation of a mobile theatre, with seating for 250, which will tour On the surface it seems extraordinary – Peterborough United Football throughout the Principality. Club, popularly known as the Edison is an American company "Posh", is to sponsor the next major

which operates two power stations in Snowdonia. As a first-time sponsor its contribution has been matched by a further £150,000 from the Pairing Scheme.

Antony Thorncroft music (including a ballet, learn the role at four days'

The complete musician

Pierre Ruhe finds the British composer Thomas Adès performing in Minneapolis

work for large orchestra, heat, it felt self-conscious, Asyla, has received a first like an observer of a night US performance by the Min- club rather than an intoxinesota Orchestra under Jef- cated participant. frey Tate, just seven weeks after its recent world premiere in Birmingham. Simon Rattle, who conducted the (Alicia de Larrocha as the premiere, has already taken at-times poetic but ulti-That all these dates were and a deliberate, rather obviplanned before any conduction out reading of Elgar's a humorous, neo-baroque, Enigma Variations, Minneso off-kilter trio for obother triangles of the conduction of the condu had heard a single note of tans are said to be polite the 25-minute piece places Adès in the most enviable position of any young composer: everyone shares a confidence in his abilities. chamber music made the With the reputation of and a wider audlence, his music increasingly receives multiple performances in Adès himself helps spread

that appeal by performing his own music, more convincingly, certainly, than anyone else could. When he conducted Potoder Her Face at last summer's Aspen festival, or when he led a chamber music concert here in Minneapolis, his indefatigable spirit as a performer complemented his talent as a composer. When did we last know so complete a musi-

Asyla addresses many of the emotions and longings that Adès has included in his music before - if on a bigger scale - but also presents a fundamental shift in emphasis. For listeners who associate his music with playfulness and sardonic wit. Asula might seem overly serious. Tate and the orchestra gave a performance stunthe thorniest textures, to present the score's beauty in naked terms. The dramatic. beating trumpet entry in the first movement became an unsettling alarm call, causing a listener to shift uncom- ing pieces. Here too we only increase our expecta-

sea Opera Group performed

The adaptation was exten-

set during the First Crusade.

abeth Hall on Saturday.

Thomas Adès's music ing layer of remoteness. become his signature composer's first draws a thick, steady dance

Asyla shared the programme with an erratic Mozart D minor piano concerto Asyla on tour in Europe. mately unconvincing soloist) people: they rewarded Asyla with the same enthusiastic applause as the other works. A Sunday evening of

Engaging: Thomas Adès

weekend something of an Adès festival. However, the local arts organisations that presented the concert unfortunately failed to generate any publicity: between them they attracted scarcely 30 people, shamefully ghetto-ising music that is decidedly broader in appeal. What a large audience One of his most tightly conning in its ability to clarify structed scores, The Origin of the Harp (1994), was played twice, with the com-

travels fast. The 26- Thus even as the third move- devices, as in the loosely year old British ment, marked "Ecstasio", coordinated, upward spiralling chromatic scales that even paranoia, to the unfold

François Couperin's Les - barricades mustirieuses also received two performances harpsichord and later in his transcription for five play ers. The effect was magacal (played by Basil Reeve). horn (Michael Petruconis and harpsichord, imagines Debussy paying teasing homage to Couperin.

The Sunday concert also served to acknowledge Ades's influences. A former student of György Kurtag, he took the keyboard part in Kuriág's Bagatelles for flute, contrabass and piamo on 14 d, with flautist Adam Kuch zel and bassist William Schrickel. Their sense of colour and shading was unerring and luminous; each tiny ce was excellently played. Adès continued at the piano with his rippling and flowing Traced Overhead (1996) and three canons by the late Conlon Nancarrow, rich in blues harmonies. As a pianist, Adès is a conceptual interpreter rather than a blazing virtuoso - making profound sense of each work is rightly his priority.

John Woolrich's Lending Wings opened the programme, a work selected by Adès for the (mostly) student ensemble. Its clean lines and simple construction made it an ideal warm-up, although the conmissed was Ades at his best. ductor, Stephen Roemer, had difficulty keeping the ensemble together.

Every work on this chamber programme was a miniaposer conducting. Polgnant ture in length and breadth of in the lead clarinet part idea. That Adès has now (played by Burt Hara), it is graduated to the large-scale also one of his most engag- complexities of Asyla will fortably in his seat. Yet with recognise the composer tions for still larger symthe lucidity came a blanket- solidifying what have phonic works.

Opera fourth opera, I Lombardi alla prima Rare crociata ("The Lombards on the First Crusade"). Verdi in for Milan in 1843. Seven operas later, Paris wanted another at short notice in 1847; without enough time to concert write a new one, Verdi decided to adapt I Lombardi which Paris always required for the occasion. The Chel-

the result, Jérusalem, in conthat), and a more active role cert at London's Queen Elizfor the leading tenor. Verdi did a lot of re-orchestrating. tress Hélène and Henry New-As often before, the Cheltoo, and as conducted by Andrew Greenwood on Sat- the whole performance gave sea company earned our urday the orchestral writing us a fine introduction to gratitude. *Jérusalem* is even made excellent effects. Since more rarely performed than Lombardi, which has I Lombardi, after all, Verdi had composed both Ernani barely kept a toe-hold in the repertoire; and yet the and Macbeth, and his new "rewrite" seems to be the expertise enhanced Jerusastronger, better-shaped

sive: a new plot, though still almost the last moment, how they might look, a sizeable quantity of new Stuart Kale stepped in to

notice, and turned up trumps. Understandably cautious at the beginning, he was soon singing with assured sensitivity, sweettoned and searching, that belied his short acquaintance with the music. As his beloved Hélène, the soprano Susan Stacey displayed lovely poise and delicacy.

With Mark Richardson as - but Chelsea spared us the villainous bass, Denise Mulholland lending wellmatched support to her misman as the doughty Count, Jérusalem. Several arias find Verdi in rich expressive form, and the action proceeds much more tidily than in I Lombardi. Seeing either opera staged would add Not for the first time, little: both of the plots are Chelsea found itself having routine melodramas, and we to replace an ailing tenor at can imagine easily enough

David Murray



■ AMSTERDAM

Netherlands Opera, Het Tel: 31-20-551 8911 Dialogues des Carmélites: by Poulenc. New production conducted by Yves Abei in a staging by Robert Carsen. Cast includes Joan Rodgers and Sheri Greenawald; Dec 7, 10

BERLIN OPERA

Deutsche Oper Tel: 49-30-34384-01 Die Zauberflöte: by Mozart. Staged by Günter Krämer, with sets and costumes by Andreas

BOLOGNA

Teatro Comunale Tel: 39-51-529 999 www.nettuno.it/bo/ Turandot by Puccini. Revival

conducted by Daniele Gatti in a staging by Hugo de Ana; Dec 6,

BONN EXHIBITIONS Kunst- und Ausstellungshalle

der Bundesrepublik Tel: 49-228-917 1200 Kunsthalle Bremen: selection of important works including paintings, sculptures and copper engravings from the collection of the Kunsthalle Bremen. Ranges from 17th century Dutch painting to modern photography; to

■ CHICAGO

OPERA Lyric Opera of Chicago Tel: 1-312-332 2244 www.lyricopera.org Amistad: world premiere of Anthony Davis's new work about the 19th century anti-slavery campaign. Dennis Russell Davies conducts a production by George C. Woolfe; Dec 8, 11

■ COPENHAGEN

EXHIBITIONS Louisiana Museum of Modern Art, Humleback Tel: 45-4919 0719 www.iouisiana.dk Alberto Savinio, Paintings 1927-1952: around 30 still lifes, landscapes and mythological compositions by the relatively unknown brother of de Chirico. His work combines abstract and figurative elements, and in many

ways parallels de Chirico's own; to Jan 11

January 22.

exhibition at the Royal Academy,

Art Treasures of England: the

Regional Collections, which opens on

But the chairman of Peterborough

■ EDINBURGH EXHIBITIONS Scottish National Portrait

Tel: 44-131-624 6200 Portraits of Excellence: a series of photographs of distinguished academics at the University of Edinburgh, commissioned according to an 18th century University tradition; to Feb 1

HOUSTON **EXHIBITIONS**

Museum of Fine Arts, Houston Tel: 1-713-639 7750 The Dark Mirror: Picasso Photography and Painting. More than 300 works, the majority of them photographs, which will illustrate the relationship between the various media in which Picasso worked. The display Includes studies of works in progress, self-portraits, and photographs of Rousseau and Braque. The exhibition has been seen in Paris and will travel to Japan: to Feb 1

LONDON CONCERTS

Barbican Hall Tel: 44-171-638 8891 Sarah Chang: recital by the violinist of a programme including works by Strauss and Brahms. With planist Charles . Abramovic: Dec 7

English National Opera, London Coliseum Tel: 44-171-632 8300

The Magic Flute: by Mozart. Nicholas Hytner's production, revived by David Ritch and conducted by Christopher Moulds: Dec 6 Shaftesbury Theatre Tel: 44-171-379 5399 ● The Royal Opera: Il barbiere

di Siviglia, by Rossini. New production staged by Nigel Lowery; Dec 6 The Royal Opera: Paul Burryan, by Britten. New production staged by Francesca Zambello and conducted by Richard Hickox: Dec 10, 11

THEATRE Riverside Studios Tel: 44-181-741 2255 Oh Les Beaux Jours: by Samuel Beckett (1961). Peter Brook directs Beckett's French language version of Happy Days;

■ LOS ANGELES **OPERA** L. A. Opera, Dorothy Chandler Pavilion

Tel: 1-213-972 8001 www.laopera.org Countess Maritza: by Kálmán. Premiered in Santa Fe this summer, Linda Brovsky's production stars Ashley Putnam and is conducted by John Crosby; Dec 7

■ MADRID **EXHIBITIONS**

Fundació "la Caixa" Tel: 34-1-435 4833 Joaquim Mir, 1873-1940: A Life's Journey. Retrospective of around 140 works by the landscape painter: to Jan 25

NEW YORK

DANCE New York City Ballet, New York State Theater Tel: 1-212-870 5570 George Balanchine's The Nutcracker, Dec 6, 7, 9, 10, 11

Metropolitan Opera, Lincoln Tel: 1-212-362 6000 www.metopera.org

OPERA

La Clemenza di Tito: by Mozart, Conducted by James Levine in a staging by Jean-Pierre Ponnelle, Cast includes Anne Sofie von Otter and Anthony Rolfe Johnson; Dec 6

• The Rake's Progress: by Stravinsky. New production by Jonathan Miller, conducted by James Levine, Cast includes Dawn Upshaw and Samuel Ramey; Dec 6, 11

PARIS CONCERTS Salle Pleyel Tel: 33-1-4561 6589

 Orchestre de Paris: conducted by Wolfgeng Sawaitisch in works by Beethoven. With soprano Eva Mei, tenor David Kübler, bass Jan-Hendrik Rootering and Choir led by Arthur Oldham; Dec 6

Orchestre de Paris: conducted by Wolfgang Sawallisch in works by Beethoven. With piano soloist Radu Lupu, soprano Luba Orgonasova, mezzo-soprano Marianne Roerholm, tenor Herbert Lippert, bass René Pape. Choir led by Arthur Oldham; Dec

Opéra National de Paris, Opéra

Tel: 33-1-4473 1300 Der Rosenkavalier: by Strauss. New production conducted by Edo de Waart in a staging by Herbert Wernicke, Cast includes Renée Fleming, Susan Graham and Barbara Bonney; Dec 6, 11

Opéra National de Paris, Palais Garnier

Tel: 33-1-43439696 The Merry Widow: by Franz Lehár, Armin Jordan conducts a new production directed by Jorge Lavelli, with sets by Antonio Lagarto; Dec 6, 9, 11

Théâtre des Champs Elysées Tel: 33-1-49525050 Fidelio: by Beethoven. Production staged by Patrice Caurier and Moshe Leiser, with the Orchestre des Champs-Elysées and the Choir of the Welsh National Opera. Conducted by Louis Langrée; Dec 9

 Leonore: by Beethoven. Production staged by Patrice Caurier and Moshe Leiser, and conducted by Louis Langrée. With the Orchestre des Champs-Elysées and the Choir of Tonight

the Weish National Opera; Dec

■ VIENNA

EXHIBITIONS

Kunstforum der Bank Austria Tel: 43-1-533 2266 Art and Insanity: wideranging survey of the relationship between madness and the visual arts, from the Baroque to the modern. The 350 works on display include Géricault's portraits of the mentally III, 19th century representations of lunatic asylums, expressionist works, and a selection of works by psychotic and schizophrenic

artists: ends on Monday

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17.30: Financial Times Business

Tonight CNBC 08.30: Sauawk Box 10.00: European Money Wheel 18.00: Financial Times Business Philip Stephens

A tighter grip

Tony Blair now needs to show the same command of the policy agenda as he does of its presentation

The laws of politics are reasserting themselves. Britain's Tony Biair is not immune. The prime minister has been reminded lately of two being offered any say over enduring maxims. Never sterling's exchange rate. underestimate the capacity It is a pity, though, that of others - particularly Mr Brown invited his European colleagues to spell out Europe - to wreck the most carefully crafted of plans; Britain's second-class status with such brutal clarity. As and, when you change things, be aware that the far as I can see, there was yelps from the losers will

always drown out applause from the winners. ground for a compromise ahead of Mr Brown's In fact, the recent stumhles are remarkable only demanche. The relationship against the backgloth of the between Mr Brown and Robin Cook, the foreign secextraordinary first few months of the Blair adminretary, is icy. So the Foreign istration. After falling at its Office was kept in the dark. Nothing changes. As one of feet, the media have awakits officials remarked after ened to the fact that the sterling's ejection from the nation is governed by politicians not seraphims. Misexchange rate mechanism, the Treasury was never much good with foreigners. takes and squalls are the everyday business of modern politics. But they come So it is left to Mr Blair to as something of a shock patch up a deal at next when a government has week's Luxembourg sumbeen supposed impervious mit. There are still hopes in

to such prosaic realities. Downing Street he can per-For all that, there is a suade Helmut Kohl and Jacques Chirac to give Britain sage here for Mr Blair. His administration has observer status on the entered its second phase. I EuroX council. No doubt he think the next six months will explain that being will be more important than forced to the sidelines will not help him in persuading the first in defining its character. The master of the big the country of the virtues of picture must show himself European co-operation. The prime minister may equally proficient in drawing the fine lines of policyhave to be satisfied, though. making. Direction needs The master of the detail. It may seem a curious comment on so patently big picture must

but Mr Blair would be wise to tighten his grip. Some mistakes are avoidable. The Treasury should have anticipated the embarrassingly public rebuff in drawing the delivered by the finance ministers of France and Germany to Gordon Brown's application to join the EuroX club of single

powerful a prime minister,

currency countries. Once the chancellor had ruled out sterling's participation in Emu until at least 2002, he was never going to win sympathy for the idea

voice in managing the euro. doubt as solemn as it is monetary officials was will not seek to pre-empt heard to comment. Britain's the decisions of the wider partners, after all, are not Ecofin council. The thought occurs that here is an issue over which Mr Blair would have done better to take the

lead from the outset. The parallel controversy of the week - over Mr Brown's plans radically to reshape tax reliefs on pernothing in the way of quiet sonal savings - is of a different order. The proposal diplomacy to prepare the to impose a £50,000 cap on tax-free saving has been characterised as an assault on the tax privileges of middle England. Hardly.

There are obvious technical flaws in a proposal drafted in undue haste. But the ceiling threatens less than 1 per cent of voters. Many more should gain from the new scheme. For all its legendary presentational skills, the government forgot that losers always shout loudest.

All this, though, is small beer compared with the coming crunch over public spending. The putative rebellion in Labour ranks against plans to cut benefits for lone parents promises to be the first of many. Harriet Harman, the social security secretary, has left no doubt that it was a decision dictated by the chancellor.

We will soon be hearing cabinet ministers. The Treasury has so far refused to publish details of Whitehall budgets for next year. Open government, it seems, is not to be confused with releasing information that it judges inconvenient. But the Treasury cannot for long obscure the realities of what amounts to a cut or a need persuading they are freeze in resources for many public services.

Herein, I think, lies the challenge for Mr Blair, His presidential style has many strengths. It puts him almost above party. He speaks for the nation. The only trouble with the prime spending targets.

that he should be given a with a declaration - no minister, one Tory activist told me this week, was that As one of Europe's senior flimsy - that the new group he is not leader of the Conservative party.

But there is a downside. Mr Blair risks the impres sion that he is more interested in the marketing than in the substance of policy. The big picture doesn't seem to leave room for the detail.

I think this characterisa tion unfair. Each of the policy documents pouring out of the big Whitehall departments has been carefully negotiated with the prime minister. I have not heard cabinet ministers complaining about a light touch in No 10. And, as we saw last month over the single currency, he is not averse to overruling his ministers. But, as Mr Blair knows. impressions count

He might take a cue here from Baroness Thatcher. I am told the two have met several times since the election. Her premiership was hit by more than its fair share of storms in the early years. She weathered them because the nation knew where she was heading. Whatever the occasional detour, the destination was always marked out.

The image was shaped only in part by her rhetoric - U-turn if you want to, the Lady's Not for Turning. Its essential reinforcement was a sense that she had full command of the policymaking process. She was never comfortable unless she knew more than her ministers did.

In the big areas of welfare reform, public spending priorities and Europe, Mr Blair would do well to aim for the same dominance. Voters governed with a purpose That demands of Mr Blair a command of policy as well as presentation, Someone has to explain that cuts in lone parent benefits serve a better purpose than sticking to the last government's

·LETTERS TO THE EDITOR.

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We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set for to fine). e-mail: letters editor@fi.com Published letters are also available on the FI web site, http://www.FI.com
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Other factors to be addressed in cotton anti-dumping complaint

From Mr Jose Alexandre

Sir, Neil Buckley's article "Commission faces fight on cotton anti-dumping (December 2) invites three

important qualifications. First, the "complaint" brought by Broome & Wellington is in fact an application before the European Court of First Instance, Luxembourg. Since this is a judicial matter, your reference to the political support brought by Criet, the whole salers' organisation, BEUC, the consumer organisation, and certain MEPs is irrele vant to the "complaint".

Second, there are two sides to every dispute. Sev eral weeks before Broome & Wellington filed its case, Eurocoton made an application to the same court claim ing that the EU Council acted illegally by rejecting the commission's proposal for definitive duties. Both

cases are still at the stage of written argument and it will be some time before the court's verdict is known. In the meantime, the polit-

ical debate continues in relation to the new antidumping investigation now being conducted by the commission. It is not generally known that, although a majority of the EU member states rejected the commission's proposal back in May. a majority of them also supported the opening of a new investigation. Thus the member states have not shut the door on taking future action to protect the cotton weaving industry against

unfair dumping practices. Ensuring the future of the European textile industry as a whole requires a delicate balancing act between short term political interests and the long term strategic interest of the European Community (including the UK) as a

that it would be folly to allow unfair dumping practices to destroy Europe's highly efficient and internationally competitive weaving industry. The rules of international fair trade should not be ignored just to give the importing sector of the finishing industry an unfair competitive advantage over

whole. Eurocoton's view is

the rest of the textile industry. It must not be forgotten that, in justified cases, measures can also be taken to ensure that unfair international trading practices do not damage the textile finishing industry, and that is the best safeguard for the industry's long term future. not the destruction of the cotton weaving industry.

José Alexandre Oliveira, president Eurocoto 24, Rue Montoyer

Widen fair tax net From Mr André Clodono. Sir, Now that the finance ministers of the member states of the European Union

have agreed in principle on a voluntary code to limit unfair tax competition (" 'Harmful tax competition code agreed", December 2), I suggest that the European Commission's owncompetition directorate ought to launch an inquiry into the code under article 85 of the treaty.

All that is required is to extend the rules applying to undertakings (the private sector ocesumably) to the largest undertaking of all in every member state, that is, the government. Should the governments

be found in a dominant position, article 86 would of course be more appropriate.

André Clodone rue de Bois Mastrade 13.

Too easy to rely on financial rescue?

Sir, Lex ("Asian flu", November 28) rightly puts some of the blame for current financial troubles in the area on the debtor countries. However, for every borrower there is a lender. The question therefore arises: Do the decision-makers in banks and other financial institutions, en masse, keep showing bad judgment repeatedly

and in similar situations? Or

does our monetary and

financial regime currently provide signals and incentives which are inappropri-

The eagerness with which official financing is now being provided in order to allow those lenders to be ity. So does the thought that those problems have been allowed to build up over long periods, so that by now

inevitable, if potentially disastrous developments are to be avoided.

1000 Brussels, Belgium

The trouble is that, by acting in this way, we may be strengthening the tendency for the system to go wrong again. A search for more fundamental solutions seems desirable.

Z.H. Schloss 49 Dorset Drive. Middlesex HAS 7NT, UK

repaid in full and on time, points to the second possibil-

holding gilts or T-bonds but

about diversifying liabilities.

Rather than get fixated over

macho exotic options, bank-

Study history for a lesson on liquidity From Mr Warren Edwardes. Sir, In "Poll paralysis grips. Seoul" (November 27) you report that the International Monetary Fund criticised Korean banks for relying on short-term foreign loans

leaving the nation vulnera-

ble to a liquidity crisis. So

true. Continental Illinois and ers the world over should so many other cases have study history. shown that contrary to the text-book view, liquidity Warren Edwardes, management is not about

managing director. Delphi Risk Management. 3 Hyde Park Steps. St. George's Fields, London W2 2YQ

Pull plug on new system

From Mr Justin Brooke. Sir, Having been played for a sucker by the new London stock exchange electronic trading system. I have been following your reports

with considerable interest. The message is clear. The stock exchange must return to a system of a free market in all quoted securities, such as investors enjoyed in the old days before the exchange went electronic and its management fell into the hands of people lacking foresight. Can the Financial Times

lead a crusade for the return of orderly markets? Justin Brooke.

Chymoryah Vean.

Cornwall TR16 ODQ, UK

Marazion.

Mark Nicholson argues that India is fated to have weak coalition governments and asks whether this would be so bad

The centre cannot hold

"Nobody wants an election." ran this week's coverline of Outlook, a popular Indian magazine. Not even the Congress party, apparently. which has nonetheless propelled India's 600m voters into a second poll within two

years.
The lack of appetite for mid-term elections was highlighted by this week's unseemly scramble by both Congress and the opposition Bharatiya Janata party to construct alternative governments. But Congress could not split the 15-party United Front coalition. The Hindu revivalist BJP failed to woo

enough defectors away from a divided Congress. So why, if Congress was so reluctant to face the voters, did it bring down the government? And what, if pundits are right that India has entered an era of coalition governments, does this bout of instability say about governing a giant poor country

undergoing economic reform and long-overdue integration into the world economy? The answer to the first question lies largely in Congress's unwillingness to accept that it has lost its . political dominance. The party that has ruled India for all but five years of independence has suffered more than any other from the consequences of the big political shifts since the 1980s: power

lower castes and from the centre (Delhi) to the regions. As Congress lost ground in the previous election to regional, caste and other parties, its share of the vote sank to a historic low of less than 30 per cent. For the first time the party came second to the BJP.

to poor, from the upper to

and some Congress leaders, state. believe the party will fare even worse in the coming polls, arguing it has been unable to restructure or revive itself. But frustrated by the impotence of being seven months, their claim to the path for foreign invest towards greater decentralisaoutside government for the offer stable government may past 18 months, some of its now ring hollow. And the amount of red tape. It parties holding the balance leaders forced the recent cri- another fractured result, committed India, for the first of power, sis anyway. They did this in they say, would herald furthe hope, it seems, of turn- ther political instability. ing the issue of Rajiv Gand- If the blg parties' claims imports, broached new aviable in a position to hold to

their electoral advantage.



claimed that a government- ing majority on its own. Neicoalition partner from Tamil ther appears likely to win Nadu had fostered links with more than 30 per cent of the Gandhi's Sri Lankan Tamil

count in this election (as in the previous one) will be the quality of roads, electricity supplies, wells and clean water, schools and health clinics. It is partly the parochialism of these themes, and a general cynicism about the ability of the Delhi-centric Congress to deliver, that has spurred the has been moving from rich growth of smaller, regional parties.

say about the prospects of Both the BJP and Congress will enter the election arguing that it is time to return to a strong, decisive central tive fragility of coalition government. India, they claim, Most neutral observers, is fundamentally a two-party

So what does the election

The chief national issue is Congress leaders concede years of office. that, having upset a government twice within the past

hi's assassination in 1991 to are right, the election is wor- tion and broadcast policies, ransom a Congress or BJPheir electoral advantage. rying since available evi- pushed through more finan- led coalition - rather than The opportunity arose dence suggests that neither cial sector reforms and the coalition being hostage. when an official report party can achieve a govern- unveiled a plan to deregulate to the bigger party.

The Gandhi factor: a street vendor sells a Rajty poster

Tiger assassins.

Congress is taking a risk.

Polls suggest the issues that

But are the claims right?

The past 18 months of coalition rule might suggest oth-

As UF leaders repeatedly insisted over the weekend. their coalition did not, as was widely predicted, fall because of its internal contradictions, acute as these were. The UF, which united chiefly to keep the BJP from power, embraced free marketeers like P. Chidambaram, the reformist finance though, and it is these which minister, and unreformed communists.

has much to commend it. In

The UF cut taxes and tariffs (more modestly). It eased will have been a shift tors and somewhat reduced tion, with regional or caste time, to phasing out 40-yearold controls on consumer the small parties will likely

India's oil and gas industry. There were failures, of course. In particular, the UF stalled at introducing even a modicum of liberalisation into the state-monopolised insurance sector, made only limited gestures towards privatisation and, expensively, caved in to public sector

unions over pay. But on balance the supposedly weak coalition did more than the ostensibly strong national governments of the past. The previous Congress government had baulked at many of the UP's reforms.

The moral is, therefore, that coalition governments can work. Moreover, it is desirable that India makes coalition government function as a system. No country is as religiously, culturally, regionally or linguistically diverse. Few must cope with anything as complex as India's pervesive caste sys-

In the last elections, just over half India's voters elected representatives from more than 20 small parties representing regional interests. This pattern is almost certain to be repeated this

"The political preferences have not changed since then," says Yogendra Yadav, a political scientist with the Centre for the Study of Developing Societies in Delhi. Alliances can,

will decide the election." These alliances have Yet, as many commenta- already begun forming and governing such a country? tors pointed out over the could be seen even in the weekend, the UF's record political manoeuvring by the two big parties over the past spite of its ideological dispar- few days, as they sought to ity it managed to push for patch together an alternagovernment after the disrup- ward India's economic tive to the UF government. reform programme further In spite of themselves, therethan even the previous fore, both the Congress and majority Congress govern- BJP parties have begun to ment, which launched countenance coalition gov-India's economic liberalisa- ernment. Either may emerge "stability", though senior tion in 1991, in its last two as the nucleus of the next

coalition government. If and when they do, there

After the next elections,

Società Italiana per il Gas

CONTRACTS & TENDERS

SALE OF SHARES IN "GAS ENERGIA S.p.A."

show himself

fine lines of

Direction

needs detail

policymaking.

equally proficient

The Società Italiana per il Gas (Italian Gas Corporation or ITALGAS), a company of the ENI, based in Via XX Settembre 41, Turin, Italy, share capital ITL 696,781,312,000, enrolled as N° 52/1883 in the Register of Companies of Turin, Intends to seek and select bids from a single purchaser for 100% of the share capital of Gas Energia S.p.A. The negotiation will concern the sale of 60% of the aforesaid company's share capital owned directly by ITALGAS and the remaining 40% owned directly by SNAM S.p.A.

Gas Energia S.p.A., whose legal head office is in Via XX Settembre 41, Turin, Italy, enrolled as N° 207 in the Register of Companies of Turin, has a fully paid share capital of ITL 200,000,000 (two hundred million Italian lire) and provides services for gas and thermal power stations.

Its main activities in this sector include: Operation of power plants and thermal gas stations involving piping,

routine and non-routine maintenance and gas supply. Maintenance of gas power stations (with an output under 35 kW) involving the post-meter maintenance (market leader with over 200,000 customer contracts), check-ups, conversion of equipment, commercialisation of plant maintenance products.

ITALGAS has retained RoloFinance as advisor for this transaction. Any interested purchasers may show their interest by sending a brief description of their activities and motivations for this investment by mail or fex to:

> RoloFinance - Rolo Banca 1473 S.p.A. Via Zamboni, 20 40126 Bologna Tel. 039-51-6407229 - Fax: 039-51-6407279 Attn.: Dr. Walter Comelli

> > Attn.: Dr. Stefano Albonetti

A company overview providing general unreserved information will be sent to all applicants who reply to the advertisement.

An undertaking to confidentiality and acceptance of the sales procedure will subsequently be sent to those applicants who submit a specific request and are incontrovertibly deemed suitable by ITALGAS to participate in the takeover procedure. This undertaking shall be returned by 31st January 1998. When this document is returned, a complete company

Intermediaries of any kind will be required to declare on whose behalf

This advertisement invites bids and does not seek takeover bids as stated in art. 1336 of the Italian Civil Code or public saving as stated by art. 1/18 of Law 216/1974 and subsequent amendments and additions. This advertisement and the receipt of any bids do not oblige ITALGAS to transfer shares to potential bidders, while bidders bear no rights of any kind over ITALGAS such as the payment of intermediaries and any consulting fees.

The Italian text of this advertisement will prevail over any translated texts published in foreign newspapers. This advertisement and the takeover procedure are subject to Italian law.



Ratistery declaration and mudstore report required by section 173 of the Companies Act 1985 are available for inspection as the Company's registered office, and

POREST GATE (CORBY) LTD NOTICE IS HEREBY GIVEN in apportance with Section 175 of the Companies Act 1985 that:

cented, and:

any creditor of the Company may as any time within the five weeks ununedisarly following the data of the restolation for the payment out of capital apply as the Court under section 176 of the Companies Act 195 for an order probabilities the payment.

COMPANY SECRETARY

LEGAL **NOTICES**

Charity Commission Charity:

The British Charitable Fund, Paris

Scheme to amend trusteeship of the charity

Reference: CF-43862-CD(Ldn)

The Commissioners propose to make a Scheme for this charity. A copy of the draft. Scheme can be seen at 12 Rue Barbès, 92300 Levallois-Perret, France, or can be obtained by sending a stamped addressed envelope to St Alban's House, 57-60 Haymarket, London SW1Y 4QX quoting the above reference. Comments or representations can be made within one month from today.

No. 005256 of 1997 IN THE HIGH COURT OF JUSTICE

IN THE MATTER OF HAVAS INTERMEDIATION (UK) LIGHTED • and • IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS IDEREBY GIVEN the the Order of the High Court of Justice IChinectry Division) duted 19th Newcorber 1997 confirming the reduction of capital of the stoke named Company from \$15,000,000 to \$23,000,000 and the Minuse approved by the Coars showing with respect to the capital as altered the several particulars required by the above motificated Act were regimented by the Regastrar of Companies on 21st November 1997. DATED this 2nd day of December 1997 Wilde Sapte
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Number One Southwark Bridge, London SE1 9HL

Friday December 5 1997

Elections in

India

power, it must do exceptionally

might it then make? A BJP gov

ernment would alter the empha-

sis of policy, though probably not its fundamental direction.

India would probably show

greater hostility to inward for-

eign investment and more resis-

tance to liberalisation of

imports of consumer goods. But the party might accelerate reform of both the public sector

and the position of organised

Yet the biggest concerns

about the BJP are not over its

attitudes to economics but

rather over whether its caste

and communal attachments

would destabilise Indian society

and politics. A part of the

answer is that they could do so

only if the BJP were to gain power on its own. This outcome

In all, the election is a nui-

sance. It will presumably con-

firm that this diverse colossus is

destined to a series of weak gov-

ernments. Yet this may not mat-

ter: the reforms of the 1990s

have all been introduced by

minority or coalition govern-

ments. In today's India the

broad direction of policy is agreed, but movement along the

road is never going to be fast,

purposive or coherent. That was

true before the government fell.

It is likely to remain just as true

which the US wants left unregu-

Washington wants to raise the question of Turkey's desire

to join the EU, and urge the

when they discuss potential

applicants at their December

wants to raise its concerns

explosive situation in the Alba-

lated and some members of th

ie BJP is to gain a hand in after the forthcoming election.

small summit

seems quite unlikely.

ment to either sacred cow.

· . faces its second general

: possibly another minority

ion in two years. Its out-is likely to be more of the

rnment, probably another

tion and, almost certainly,

nued slow-motion reform.

he election is not a costless

ise: with the fiscal position

ing and the economy weak,

ncertainty and delay must

ther of the two big parties

ely to gain more than 30

ent of the vote. Given the

athy to the Hindu-

alist Bharatiya Janata

the next government is

likely to operate with at

Congress's acquiescence.

the outcome is indeed

ier Congress-supported

ion, or one with Congress

ipation, little is likely to

e in either the direction or of economic reform. That

uas done a respectable job,

fiscal indiscipline and the

progress of reforms, nota-

fact that nothing much

hange is not that surpris-

olicy differences had noth-

do with the decision by

ess to bring the govern-

down. The leadership of a

ly and intellectually banklongress merely decided to

it power. It has failed.

be no bad thing. The pres-party United Front coali-

ilf though there are worries

the public sector.

ute damaging.

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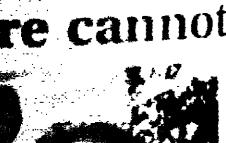
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re are a variety of issues lated, and some members of discussed, some of which little sensitive and capable inlicating the milicating the washington wants to re-

ls of the US and the Euro- EU controls to curb "mad cow" Jnion will meet in Wash- disease, which could bit US for what is billed as a pharmaceutical exports; and over US extra-territorial legislaual summit. Bill Clinton. 3 president, will grace the tion, such as the Helms-Burton on with his presence, but Act and Iran-Libya Sanctions riefly. The EU side will be Act, which seek to punish Jacques Santer, president non-US companies investing in European Commission, Cuba, Iran and Libya. There

ean-Claude Juncker, the will be an attempt to reach a abourg prime minister, joint position on the vexed quescountry holds the EU tion of trade on the internet, ency until December 31.

7 anyone expects this Europeans not to slam the door ig to resolve them. The de does not have a real ite to negotiate and the summit meeting. The US also therefore scarcely inter-The meeting is more of about the lack of economic mbarrassment than a progress in Ukraine, and the e for a meeting of

i bi-annual summits have joing for the past couple s since the Transatlantic which Messrs Santer and ess Dialogue was ed in Spain to raise the of EU-US relations. The ts were supposed to gallower-level officialdom it might make the summits tion. The problem is that worthwhile. Or if they were less is more form than subto the occasions. They

well become counterprodnot as if EU-US relations thinks the present exercise irrelsy. On the trade front, evant.

ity plant is badly timed,

idered and inconsistent

s policy of reducing car-

issions to combat global

ıg. Even as a political sop

nır's back bench support-

the coal industry, it is

int. Private generating

ined coal industry as we

ne choice in most cases

ther instance of the gov-

it's willingness to trim

ap imported coal.

xious pollutants.

Excess gas

evernment's moratorium ests had put to the government

several member states. Mr Clin-

ton can scarcely be blamed if he

building of new gas-fired in an effort to protect coal's market share. Ministers will reply that they were acting in response to anxieties from the National Grid, operator of the electricity network, about the danger of excessive dependence on gas. The grid believes supply networks is a cheaper, cleaner and might not be able to cope at times of peak demand for gas

efficient fuel for power tion than coal. It is also and electricity. This is a matter for legitimate debate. It calls for study, but it nes have therefore built d plant for good commer- is hardly so urgent as to justify asons, which also make a moratorium on new building. or consumers. The move By 2000, gas will be used to genlped to reduce the UK's erate 36 per cent of UK electricns of greenbouse gases ity compared with 31 per cent from nuclear power and 20 per should the government cent from coal. This is by no to abandon so many means a worrying balance ages? Tony Blair, the certainly not by comparison minister, gave one with Britain's past over-depen-

in the Commons: "We preserve as much of the bility to disruption that caused If long term electricity supply y can." But this would be were seriously in danger, the ical fix with a doubtful industry's regulator would bave Because of long con- heard about it. But it seems h in lead times, any move was not consulted - and is not com gas will be too late worried. Market mechanisms the workers of RJB Minwithin the industry can adjust different kinds of supply to peak between North Sea gas demand. And there is time enough to look for diversified ver ineffective it may sources of natural gas, if that

dence on coal and the vulnera

the moratorium looks proves necessary. Ministers who meddle with electricity usually make a mess o help its friends. For a of it. New Labour must not be gas-fired plant was one tempted by those old tricks. Priries of feather-bedding vatisation has changed the rules Is, which mining inter- of the game.

COMMENT & ANALYSIS

Riding to the rescue

Gerard Baker looks at the US role in the international bail-out for Korea and at the problems that might ensue

he \$55bn rescue package for South Korea is easily the largest in the International Monetary Fund's 50-year history. It exceeds the famous bailouts for Mexico in the 1990s. several Latin American countries in the 1980s and the UK in the 1970s. It also comes at a time when the fund has arranged bailouts worth \$37bn for Indonesia

and \$17bn for Thailand. It is not just the financial scale of the response that is so striking, but its geographical breadth. For the first time since the Asian crisis broke this summer, European governments are to contribute a small but symbolic amount to the package. They, along with the US, Japan. Canada and Australia are to provide a "second line of defence", ready if needed, to supplement the main IMF loan of \$21bn. World Bank funds of \$10bn and an Asian Development Bank

advance of \$4bn. Officials of the IMF and the US were anxious to play down expectations that the signing of the Korean agreement marks the turning point in the Asian financial crisis that broke this summer. But they are clearly hoping that such an unprecedented show of strength will surely stop the rot and begin the process of

recovery. "It was our judgment, with increasing force over the last two weeks, that it was important the Korean authorities move quickly" a senior US Treasury official said this week. This was in view of what the US saw as "a deteriorating situation that we thought had important ramifica-

tions beyond Korea". The US and the IMF certainly need this Korean mega-deal to be a success because it is the most serious test yet of the strategy for dealing with the financial crisis that continues to rage over much of Asia. For though criticism so far of the US and the IMP has been muted, there are signs of growing discontent in Washing-

egy they have pursued. The approach so far has been a mixture of the traditional - placefforts to restore stability, and the relatively novel - the US and other countries, in recognition of the potential global implications commit funds they hope never to have to lend should things

out worse than expected. The defenders of the strategy argue that it is the right one for dealing with the modern world economy - an era of globalised capital markets, rapid technological change that enables billions of dollars to be transferred between countries at a moment's notice, and economic interdepen-

dency that makes even the once

urope has managed to avoid being complete. nian-populated territory of Kosovo, in former Yugoslavia. But these are all questions to Korean rescue package Juncker are scarcely in a posiled by the International Mone tary Fund. But it is in the second tion to respond. If the EU had a more substantial responsibility for foreign and security policy, even a symbolic – role. Britain, France, Germany and frequent, and more broadly based on the EU side, involving

Italy, the four European members of the G7 group of industrial nations, have pledged \$5bn in equal portions of \$1.25bn. The money is described by French officials as a "second line of defence" for South Korea. Regardless of whether these

The Asian crisis represents "the first 21st century financial crisis in terms of the speed at which it has been propagated" throughout the world, says a senior US official. "It is to be hoped that the changes we are introducing will help to produce a 21st century economy."

Few doubt that the strategy is essentially American in design. ton and elsewhere with the strat- As the world's leading economy and largest contributor to the IMF and other multilateral lenders, the US has taken the lead in ing the IMF at the centre of forging the architecture of the agreement. It batted away plans by some Asian countries for a specifically Asian response to the crisis arguing it was right to let of the crisis, standing ready to the institution with widespread international backing and appro-

> scale of the Korean deal has ment would lead to increased forced critics of the US strategy

> out into the open this week. Democrats and Republicans are unhappy at what they see as IMF that may in the end provoke

mittee of the congress, said the US approach involved "the bail-

out of our trade partners". The Clinton administration has pointed out that the sums committed by the US itself are relatively small - and that all the leading industrialised countries are involved in the stabilisation

apan, in particular, has offered huge sums; prom-Korea, if need be, or nearly half the total from rich countries. The US has also pressed Japan to do still stimulating domestic demand providing loans in exchange for ers by liberalising trade and capital markets. US officials were Up to now, the approach has anxious to stress this week, for met little resistance, but the example that the Korean agree-

> opportunities for US banks to operate in Korea. Yet it is this reliance on the

appropriately tuned to the needs of Asian economies. adopting a "one-size fits all"

rent Asian problems.
"The Asian countries in crisis ising up to \$10bn for ket panic, not the results of intermore to help Asian countries by and a fervent DMF critic. "The But it has also ensured that the has enjoyed perhaps the greatest nomic distress. In exchange for priate expertise in the field – the kind of IMF reforms forced on economic success in the world these loans the IMF demands a IMF - act to restore stability by Asian economies help US export- over 40 years, based on sound poisonous mix of slower growth.

entire system in a month."

mighty US economy vulnerable ments to support Asian countries the US and in the rest of the over a long period of time - to shocks from emerging mar- that are competing with US world. There is growing criticism mean that what they need is of the IMF's approach to the cri-short term assistance, not the man of the Joint Economic Com- sis, which opponents argue is not kind of structural reforms the IMF will force on them.

The IMF, with the backing of The IMF's critics accuse it of the US Treasury, rejects these claims, saying it tailors its approach to dealing with counresponse to the needs of individtries' financial problems. The polual countries, and that the icies it foisted on Latin American reforms to be undertaken in countries in the 1980s debt crisis Korea and elsewhere in Asia are may have been appropriate then. necessary to restore international but they do not apply to the curconfidence. But political attention to the

are suffering from a bout of marnal economic profligacy", says Jeffrey Sachs, director of the Institute for International Development at Harvard University Korean economy, for example, ian bargain with countries in ecofundamentals. It makes no sense to force them to change their

While acknowledging the weaknesses of Asian economies, IMF critics say their basic economic strengths - high savings, sound government finances, friendlipotentially large US commit- a much larger debate both within significant industrial upgrading

currency devaluation and fiscal austerity, which usually results in higher taxes." At the moment, such voices are heard largely from the sidelines. But if the Asian problems continue to spread, it seems certain that the current strategy will be

IMF's role in Washington is

growing. Jack Kemp, one of the

leading Republican contenders

for the party's presidential nomi-

nation in 2000, signalled the

potential this issue has for politi-

cal controversy this week when

be said: "The IMF drives a Faust-

ness towards external markets, in for some much fiercer criti-

EU plays second fiddle

an international policy dimenthat it is a reversal of Germany's to banks lending to Korea. attitude to the 1994-95 Mexican crisis, which the Bundesbank

regarded as a regional affair.

Bonn has been more cautious

be used, much is being made in tiative. Germany is anxious to The UK has also backed the idea division, playing a subsidiary - Paris of the EU effort. It is seen avoid any suggestion that fed- of a European G7 initiative as a precursor of the kind of eral funds will be spent. It recog- partly because it wants to underco-operation that should develop nises the need to be present in as the future euro-zone acquires the regional initiative but believes the pledge means, at though it will not be in the first sion. The French also point out best, the provision of guarantees

package largely because it and want the facility to be mad

line its determination to play a

wave of euro entrants. Details of the \$5hn offer are Italy is reported to have still vague, but the four have endorsed the idea of the \$5bn demanded heavy conditionality wished to enhance its credentials available only after the initial than Paris about the Korean ini- as a future member of the euro. IMF tranches have been used up.

The modesty of this contribution has not prevented an ele-ment of friction creeping into EU-US relations. The prospect of evolve an international policy for the euro appears to have aroused some concern in the US.

Robert Graham

Japan

sleeps easy

I Just what is happening to Japan's fabled mountain of personal savings? The tidy sum of Y12,000bo has been withdrawn from Yamaichi Securities over the last two months. Large - if undisclosed amounts were taken out of Sanyo Securities and Hokkaido Takushoku bank. Depositors have also been withdrawing cash from Yasuda Trust and other financial sector weaklings, though no-one's saying exactly

Some has found its way into the vaults of other Japanese banks: Bank of Tokyo-Mitsubishi sucked in Y450bn last month. Foreign banks are also feeling the benefit. The queue to open accounts at Citibank is growing by the day and the US bank is trying to capitalise by pushing

leaflets through Tokyo doors. But this doesn't account for anywhere near all the missing hillions. The national postal savings system, which normally does well in troubled times, says it has not seen any rise in deposits.

"We just don't know where the money is," confesses one government official Perhaps the best chie comes from a 71-year-old pensioner interviewed on Japanese TV

BSERVE standing in a queue outside a . Yamaichi branch. "I am keeping all my money under my bed in a jar from now on," she said. "And so are all my friends."

Old roller Boris Yeltsin brought his own Zil limousing for his three-day visit to Sweden, but the Russian delegation was still keen to test the mettle of Scandinavian motors. Volvo duly obliged by staging a crash test; a car complete with dummies was driven into a wall, thereby demonstrating the marque's legendary durability.

The same cannot be said for Yelisin, who looked wobbiy throughout his Swedish junket. The president cancelled his visit to Volvo's Gothenburg headquarters and asked first deputy prime minister Boris Nemtsov to go instead. No official explanation for the late switch - but perhaps the vintage Yeltsin didn't fancy the extra

Options open ...

Stock options have showered: wealth on all kinds of Americans, no one more than divorce lawvers. GE Capital boss Gary Wendt this week concluded. clinics. his divorce settlement in a Connecticut court after two

years of earnest debate about the role of a "corporate wife" in her husband's glittering career. But, in the end, the case boiled down to a less emotive issue: mind-boggling calculations and arguments about the value of

Wendt's stock options. This is no small matter. Since the case began. Wendt's wealth appears to have doubled thanks to his options package. But the makes the final settlement difficult to judge. Mrs Wendt certainly seems to have won

more than her husband offered a scarcely paltry \$8m - but less than the 50 per cent of his wealth that she claimed. Either way, neither of them will go hungry. And after two years of wrangling, neither will their lawyers:

Come down

■ The world's turned upside down for Tran Khoung Dan. Vietnam's first celebrity inventor. For months the former building contractor turned perhalist has been hailed as a national hero for discovering a unique herbal cure for heroin addiction. Yesterday Hanoi banned Dan from treating natients or making medicine after a fatality at one of his

Dan reckons his wonder-drug can get the better of heroin,

cocaine and opium addiction within five days. His claims were met with scepticism by international scientists - but that didn't stop his potion becoming the focus of the first scientific co-operation between the US and Vietnam since relations were restored in 1995.

The setback has caused intense embarrassment in Hanoi. There are also a few worried faces over at the United Nations, which invested \$400,000 to fund tests at Johns Hopkins University in Baltimore and Virginia Commonwealth University. Trials will continue in Vietnam under state supervision - but Dan is no longer the man.

Storming stuff ■ Talk of "the Pacific century" may sound a little hollow amid the crash of tumbling tiger. economies, but at least Asian identity will be stamped on the region's storms. This week's meeting of the ESCAP/WMO Typhoon Committee - the region's typhoon trouble shooters - decided to use Asian names for seasonal storms from

the year 2000. So out go Linda, Fritz, Winnie and Rosie, some of the western names issued by the US typhoon warning centre in Guam, And batten down the hatches for

Asian countries themselves as a regional affair. The EU was only allowed to attend a crisis session in Manila last month as an observer and was kept outside for much of the discussion.

Peter Norman

Financial Times

50 years ago

South American Outlook That conditions in Latin America may reasonably be said to be "relatively favourable" is the conclusion drawn by Lord Wardington, chairman of the Bank of London and South America after a full survey of conditions in the seventeer countries served by the bank. Matters are not so out of hand anywbere that they could not be remedied by wise statesmanship," he said.

Canada Food Pact The delay in the announcement of the detail of the Canadian-U.K. food agreements is causing some concern, and has set affoat rumours that the Dominion Government is disappointed reported intention to reduce imports of some foods and seek an increase in shipments of coarse grains with a view to feeding livestock, which will mean smaller purchases of meats from Canada. One view expressed concerns over the effect of these reductions on Canadian farmers, who, it is said, accepted a four years wheat agreement at much lower than world prices on the understanding that large purchases of other food products would largely compensate for underpriced



Friday December 5 1997



investors.

antroi

Macad, Page 44

Dublin set to give up its claim on Ulster

By John Kampfner and John

The government of Ireland is prepared to enshrine in the republic's constitution the right of the majority of the people of Northern Ireland to determine their future

However it will not explicitly recognise British sovereignty over Northern Ireland, Bertie Ahern, irish prime minister, said yesterday. The offer is aimed at defus-

ing anxiety among the unionist majority in Ulster over the claims in the republic's constitution to sovereignty over the entire island.

But Mr Abern said in a Financial Times interview that his proposed revisions would remove any absolute claim by the republic to sovereignty over Northern Ireland but would not recognise explicitly

British sovereignty.

"It is not the appropriate place for our constitution to say what the United Kingdom

he said. Giving Dublin's most detailed assessment yet of the outlines of a future settlement of the dispute over Ulster, Mr Ahern also said he would be happy to see David Trimble, Ulster Unionist leader, become head of a Northern Ireland administration.

He suggested the target date of next May, set by Tony Blair. the UK prime minister, for completing the current allparty talks was "not unrealis-tic", adding that "phenomenal progress" towards a deal satisfactory to unionists and nationalists had been made in recent months.

Mr Ahern envisaged the proposed revisions to the constitution would be part of a single question to be put to voters in the Irish republic to ratify a new settlement. This would take place simultaneously with a referendum in the North.

He said a new North-South cross-border authority would be likely to have jurisdiction over areas such as agriculture,

issues, and "education standards". But he made clear religious issues were too sensitive to be included, while security should remain under British jurisdiction "for the foresecable future".

Such a cross-border body, he said, should be modelled on the European Union's Council of Ministers - states taking decisions collectively - not like the unelected European Commission. "We're not talking about a third government, we're talking about two administrations acting

the prospect of the two govern-He will meet all participants

coach Henri Michel, and European outsiders Norway. days after all parties agreed to France can be equally pleased with the draw. In a poll of the players just before-hand, the French squad said the teams they most wanted to avoid were Nigeria and

> They have indeed been avoided, but none of their preferred opponents - Austria, Jamaica and Japan - came up. Instead, France open their campaign against debutants South Africa in Marseilles before going on to play Saudi Arabia and Denmark. A sec-

and Brazil

Brazil, the defending world

champions, and France, the

hosts, face what look like easy

opening rounds in football's

The Brazilians open the

the second time running,

under former French national

and round place looks likely. Every tournament has its "group of death" and in this piggest and richest World Cup so far, that looks to be Group D with Spain, Nigeria, Para-guay and Bulgaria. The Nigeriaus, reigning Olympic champions, are the only one of the 32 finalists not to have appointed a coach - they are said to be chasing former England manager Terry Ven-ables for the job.

But the African side boasts some of the world's most talented footballers and was unlucky to be beaten by Italy to a quarter final place at the last World Cop in the US in 1994. Spain, the group's seeded side, are ranked third in the world on FIFA's current

Bulgaria were fourth placed qualifying second behind Argentina in the marathon South American qualifying group, will be no easy morsel.

England paid the price for

failing to qualify for USA 94

by missing out on one of the eight seeded slots. But coach Glenn Roddle will not be unhappy with a group made up by Romania, Colombia and Tunisia. At least there is nothing obvious to excite the team's small hooligan following, though the organisers may be more worried by the prospect of what is in World Cup terms a local derby between Belgium and The Netherlands in Group E - an

1998 World Cup, after the draw held last night in a freezing Velodrome stadium in tournament against Scotland on June 10 at the Stade de France on the outskirts of Mr Ahern all but ruled out Paris. The other teams in their four-strong group are Morocco, back in the finals for

ments imposing a settlement over the heads of the parties if they fail to reach agreement. at the talks next week. Optimism has grown in recent

streamline their delegations and submit a detailed frame-work for a deal before the end of the month.

Irish charmer, Page 10

consists of. That is not the arts, transport, energy, medical research and other health Second poll in two years for India's 600m voters

By Mark Nicholson in New Delhi

India's 600m voters will go to the polls for the second time in denied any party a majority. It two years after yesterday's led instead to the formation of decision by K.R. Narayanan, a politically disparate 15-party president, to dissolve the country's fragmented parliament.

The election commission, responsible for organising the world's biggest elections, said voting would be held between the third week of February and the first week of March. Mr Narayanan said a new administration must be in place by March 15, in time to sures before the end of the fis-

LK. Guiral, whose minority United Front coalition was toppled last week by the Congress prime minister until the polls. the president said: "The people

Continued from Page 1

GEC shareholders.

GEC Alsthom

became clear that this would

better protect the interests of

The cash which the sale will

generate for both partners

renewed speculation about the

roles each will play in the con-

solidation of the European

defence industry and particu-

about a

by GEC for British

However, GEC is believed to

have little interest in a vertical

integration of defence compa-

Europe today

with heavy showers and a risk of thunder. Portugal and the rest of

cleared. The eastern Mediterra

dry with seasonal average North-west Europe will be mainly

will turn wet and mild. Central and eastern Europe will remain very cold and wintry with

turther snow flurries.

Five-day forecast Southern France and the Iberian peninsula will be fine and settled with high pressure dominating the weather. Northern France and the

western Scandinavia will be displaced as Atlantic weather

systems spread from the west. Italy and Greece will be showery.

returns India's politicians eluctantly to the hustings just 18 months after the last poll coalition, supported "from the outside" by Congress.

Most commentators expect the next election to produce a similarly indeterminate outcome and lead to another coalition government. The UF's 18-month tenure is

the second shortest period of government since India gained independence 50 years ago. Mr Narayanan ordered elections when neither Congress nor the Bharativa Janata

party, India's two main political groups, could make a coalition to replace the UF.

nies such as would occur

shares

merger with

The president's move need a reprieve from political instability" and a government that "is able to discharge its constitutional duties towards the well-being and betterment of the people of India, without being deflected from the primary task".

The move follows more than two weeks of political crisis, which caused jitters on Indian share markets and helped push the Indian rupee to new lows. However, the markets took news of elections in their stride. The Bombay Sensex index eased just 35 points to 3,562, while the rupee firmed to Rs38.92 to the dollar after

opening below Rs39. Election preparations will prolong India's political paralvsis for several months.

Editorial Comment, Page 18

Continued from Page 1

GEC instead wants horizontal development of GEC-Marconi, its defence electronics arm, in such a way as to ensure that it retains access to Pentagon defence contracts as well as European The French stock market marked Alcatel's shares up by

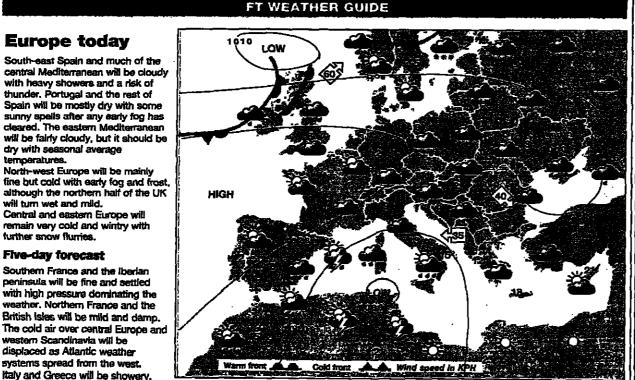
Merger talk

However, any consolidation could cost thousands of jobs. Ever since UBS rebuffed merger approach by Credit Suisse early last year, speculation has swirled around the future of the big three Swiss banks. UBS has faced more criticism over Nazi-era dormant accounts than any other Swiss bank, especially after BAe the sacking of a security guard easy train ride away from to who blew the whistle on the both countries in Paris on

over-banked Swiss market.

shredding of bank documents. June 13.

FFr6 to FFr740. GEC rose 13%p to 403½p in London while BAe rose 33p



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Lufthansa

We can't change the weather. But we can always take you where you want to go.

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Shower 20
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Fair 30
Sun 22
Shower 24
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Cloudy 8
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Fair 24
Shower 15
Fair 28
Shower 14
Fair 21 Karachi Kuwait L. Angeles Las Palms Lima Lisbon London Luckburg Show Feir Feir

Fortune in THE LEX COLUMN **World Cup** Magic money draw for Michael Eisner's sale of nearly France

\$400m of Walt Disney stock looks impeccably timed. The shares have risen 20 per cent in little over a nonth and hit an all-time high just days ago. Of course, the Disney chairman and chief executive may have good personal reasons for selling now. And the shares were part of a 1989 option package, due to expire over the next year. But investors should note that Mr Eisner has reduced his stake in Disney as measured in shares and in-themoney options by nearly two thirds. Furthermore, three other executives, including the chief financial officer, have registered their intention to sell stock.

Surely that signals something about the management's view of short-term prospects. While rosy annual earnings and Disney's blue-chip reliability have buoyed the shares, comparisons for the current quarter will be tougher due to last year's Toy Story success. Longer term, the opening of the Animal Kingdom theme park and some promising film releases next summer should help. But on nearly 30 times prospective earnings, the shares are hardly cheap.

Mr Eisner's options amounted to just 1 per cent of Disney's share capital. At Time Warner, employee options expiring over the next few years amount to nearly 15 per cent, while Microsoft's employees hold options equivalent to over 20 per cent of its capital. The prospect of dilution from huge stock option packages could yet come to weigh on the market more generally.

Veba

Few German companies, except perhaps Hoechst or Daimler-Benz, can rival Veba's commitment to creating shareholder value. The diversified utility's plans to focus on fewer and faster growing businesses is the logical next step in its restructuring now the cost-cutting phase is over. Fellow conglomerates RWE and VIAG should note the ? per cent share price rise that greeted its plans for greater focus.

As one of the lowest cost providers. Veba is not running away from a soon-to-be liberalised electricity market. And criticism that it has been behaving like a typical cashrich utility on an acquisition trail is misplaced. Its stake in E-Plus will boost its telecommunications arm, pylon network. Gradually merging

FTSE Index: 5082.3 (+111.6)

also makes sense. The global chemicals industry is restructuring rapidly. Together, both companies have a better chance of either dining at the top table or getting out

from a position of strength. Most impressive is the decision to make a public offering of 49 per cent of Stinnes, its amorphous collection of distribution and logistics es. Accounting for around a third of 1996 sales, they no longer fit the bill. Other businesses will go too if Veba settles on being a pure international electricity company with a strong telecoms arm attached. With proceeds from Stinnes set to swell its cash pile, and buybacks soon a possibility, shareholders should clamour for a thumping return of capital.

US bonds

The US Treasury yield curve might more aptly be described as a yield tightrope at the moment. With the spread between two-year and 30-year bonds at just 30 basis points and that between two and 10-year bonds in single figures, the curve is virtually flat. The next likely step, already being widely predicted, is an inversion that will leave short maturities yielding more than lon-

That sounds grim. Usually, an inverted yield curve signals expectations of a recession or at least a sharp slowdown. The last time the curve inverted, in late 1994, the Federal Reserve was ratcheting up interest rates to curb inflation, driving up short term yields. This time is different: growth remains solid, which piggy-backs off its electricity but no monetary tightening is expected until next year. Instead,

rally at the long end, with the 30-year yield briefly dipping below 6 per cent yesterday. This rally has been driven by shrinking supply as the budget deficit has melted away. and by the safe baven status of US bonds in the wake of Asian turnoil.

Theoretically, investors should respond to a flat yield curve by shifting money into short maturi ties. But those will get hit hardest if and when rates do rise. Further-more, pension funds and insurers want to fund long-term liabilities with long-term assets, while commercial banks traditionally borrow short and lend long. With not much scope for lower yields anywhere on the curve, the bond rally looks like

GEC Alsthom

The tectonic plates under General Electric Company are shifting, but a massive eruption of shareholder value is not yet in sight. Yester day's agreement with Alcatel Alsthom for a public offering of their GEC Alsthom joint venture is move in the right direction. Neither parent company has any value to add to the power engineering group. However, instead of a clean break GEC and Alcatel are each keeping 24 per cent stakes in the company. That could limit the ability of Als thom, as it is to be known, to engage actively in the restructuring of its industry. Moreover, there are niggling suspicions that Alsthom . whose chairman and chief execu tive is likely to be French - will be run more on management-friendly Gallic lines than shareholder friendly Anglo-Saxon ones.

GEC is assembling a huge war chest. Cash-rich Alsthom is likely to pay each of its shareholders a special dividend of perhaps £300m before it floats. Add that to the £1bn GEC could receive for the stake it is selling and its cash pile would grow to about £2.5bn. GEC's acquisition capacity would be bigher still, given that it could take on debt. It might also sell its non-core telecommunications business and, eventually further stakes in Alsthom, GEC now wants to reinvest these funds in its core defence business. But to date, it has been frustrated in making acquisitions in the US (by the high prices) and continental Europe (by politics). The big test is whether it can make a breakthrough with out scattering cash like confetti.

Additional Lex notes on Reuters

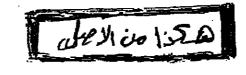
Verbundnetz Gas AG

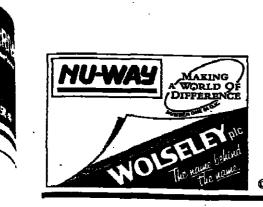
Energy on the move



We are an east German gas merchant company: our day-to-day business shows us what it takes to put the east German economy on the move towards recovery: energy. For us, energy isn't just natural gas - even though natural gas is the most popular form of energy with consumers, utiltiles and businesses. For us, it is also the Initiative, flexibility and commitment needed to put our economy back on its feet. Together with our partners in energy - regional distributors, local government and industry - we have already moved a long way within a short space of time. We are able to supply natural gas via an area-wide network to all parts of east Germany - a major achievement which has received international recognition. Now we are focusing on the finer details: greater flexibility in gas purchasing and the ability to meet growing demand for gas. That makes us the right partner for energy.

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COMPANIES & MARKETS

Friday December 5 1997 **© THE FINANCIAL TIMES LIMITED 1997**

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Telford.

Havas investors question control



Minority investors in Havas, the French media business, grumble that Jean-Marie Messier (left), chairman of Générale des Eaux. the utilities group, has effectively taken control of Havas without being required to make a full bid. In February, Mr Messas a complicated share Mr Messier announced

swap, which made Générale des Eaux the biggest investor in Havas. Page 18

Toyota stays on expansionary course The progress of Toyota, the world's third-bigges vehicles group, has been so steady that even the economic ructions in its backyard have not changed its decision to expand. In Paris next week, the company will announce it is spending up to Y200bn (\$1.55bn) to build a new small car for Europe at a site in France. Page 16

Music retailers take note Jason and Matthew Olim, twin brothers, borrowed \$20,000 to set up CDnow, an internet record store, three years ago. They have now filed for an initial public offering to raise up to \$60m. CDnow's success has encouraged record labels and retailers to go online. Page 19

Gold price dips to 12½-year low Gold's price drifted to a fresh 121/4-year low as the market considered the implications of the sale, revealed on Wednesday, by Argentina's central bank of all its gold reserves. Page 24

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Companies in	this i	esue	
ABN Amro	18	Hutchison Ports	
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Alcatel	20	Imperial	
Ambroveneto	22	JP Morgan	
Ansaldo	18	KKR	
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Asia Putp and Paper	22	Kodak	
BASF	18	LTCB	15,
BAe	6	Lufthensa	
Baden-Wurttemberg	22	Marks and Spencer	
Banco Garantia	19	N2K	•
Bank of Montreal	19	NTN	•
Bank of Nova Scotta	19	NatWest Markets	•
Blue Square	18	National Grid	. '
Boeing	6	Nissan	•
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CIBC	19	Peregrine	1
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Daewoo	18	Reuters	14, 1
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E-Lab	21	Royal Dutch/Shell	•
Easynet	10	SBC	
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Market Statistics 28,29 FTSE Actuaries share indices Anguel recorts service Gitts prices ional prices and yields Managed funds service Dividends ennounced, UK New Ind bond issues Tood Interest Indices Recent Issues, UK FT/S&P-A World indices Short-term int retes

CROSSWORD, Page 24

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Reuters hands out £1.5bn bonus

By John Gapper in London

Shareholders to be given excess capital

Reuters, the financial information group, yesterday succeeded in its long search for a means of returning excess capital to shareholders. by announcing a capital restructuring that will allow it to distribute £1.5bn (\$2.5bn).

The company announced a scheme, similar to one employed by Northern Ireland Electricity last month, to establish a new holding com-pany to acquire Reuters Holdings for a mixture of new

had "taken a long and arduous lack much synergy with the road" to the announcement, one we are in." he said.

LTCB

exposure

By Gillian Tett in Tokyo

stock market.

by selling shares.

eight months ago.

disclosure.

Long-Term Credit Bank, one of

Japan's large banks, yesterday

took the unprecedented step of revealing detailed estimates of

The data show that at yes-

terday's 16,306.79 closing level

of the Nikkei, the company

would lose its "cushion" of

gap between the market and

book value of shares the bank

However, the data also made clear that LTCB has in recent

months lessened its exposure

(\$1.5bn) if the Nikkei fell to

precise details about the huge

levels of equity that they hold

The step has been partly

triggered by the company's

recent alliance with Swiss

Bank Corporation, which has

fuelled pressure for better dis-

closure and the introduction of

more western-style business

It also comes amid growing

do not record a profit when the

value rises unless they sell the

Banks had hoped to use

these "hidden" profits to write

the Nikkei stays at current

levels until next March, they

will not be able to do this, and

may even have to record large

Nikkei has fallen. One year

ago, for example, the company

lost its hidden reserves when

now loses them when it falls to

16,700. The group has recently

sold around Y400bn of its

other large sales last year.

losses on their portfolios.

reaches 16,300.

in related companies.

advance corporation tax was after the restructuring and an tax, since it earns much of its blocked last October. Mr Job said the move in share buybacks, would reduce

effect ruled out Reuters trying to buy Dow Jones Markets, the financial markets data arm of indicated it might consider

there is plenty of growth left

after a previous attempt to Mr Job said Reuters, which have been able to offset all return cash without incurring will have debt of about £400m ACT against UK corporation

financially structured. The Reuters scheme, drawn Mr Job said the company did Dow Jones Inc. Dow Jones has up with SBC Warburg Dillon not want to wait. This indicated it might consider Read, its adviser, will give restructuring would allow it to offers for DJM.

"We have been quite successful in our business, and E13.60 in cash for each 15 keep managing its capital shares and £81.60 for each 15 more effectively.

American Depository Receipts.

There will be one-off tax and Investors will also gain shares

existing £200m programme of revenues outside the UK. Although the problem would

its cost of capital and be better have been eliminated through the abolition of ACT in 1999,

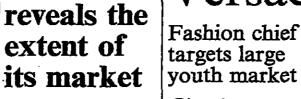
administrative costs of £30m to shares and cash. in it. We don't feel that we peter Job, Reuters' chief should dilute our focus by this will allow Reuters to because of baving to repatriate executive, said the company acquiring new businesses that avoid paying advance corporations. tion tax on the cash distribu- arms. The scheme should be tion. The company would not implemented in February after

shareholders meet in January The need to comply with US financial regulations and UK tax authorities meant Reuters could not distribute capital in the form of loan notes, the method employed by Northern Ireland Electricity for its recent £67m scheme.

UK investors who are not tax-exempt could therefore face a capital gains tax liability. US shareholders may face bigger tax liabilities as the entire cash distribution will be treated as equivalent to a share dividend.

Reuters shares closed 31p up at 710p, increasing the value of the company by £515m to

Versace empire stays in shape



Since Gianni Versace, the Italian fashion designer, was shot dead outside his Miami Beach house four months ago, there has been a question mark over his empire's ability to survive without him.

But yesterday his sister its exposure to the Japanese | Donatella, who has taken on the mantle of the company's chief designer, emphasised in a rare interview that not only was the business in good shape, but she was planning unrealised equity gains - the | for growth.

In New York for the opening of a Versace retrospective next Monday at the Costume Institute of the Metropolitan Museum of Art, she said: "What I would like to do is expand some of our lines to The company believes that it | begin with, especially the would lose about Y200bn younger lines - Versus, Istante and Versus Jeans.

"Our market research tells 14,000, compared with Y400bn us there is enormous demand LTCB's decision to reveal from young people who want these sensitive figures is an to wear Versace, so we want unusual move in Japan, which to open new stores and stores that already carry some \$48m in net profits. Banks, for example, have of our lines to reach as many hitherto refused to provide

customers as we can." on an elegant sofa in the Versace family's sumptuous, neoclassical town house on East 64th Street in midtown Manhattan. Her long, platinum hair streamed down her back over a simple black dress by who else? - Versace. Since the murder, while she has become chief designer, Gianni's elder

Donatella Versace (left) remains optimistic about expanding the range of the fashion house

Gianni bequeathed his 50 per cent share in the business Ms Versace, 40, was sitting to Donatella's daughter, Allegra, and the rest of the shares are held by Donatella and Santo.

Five days before Gianni's death, the company signed an agreement with Morgan Stanley, the US investment bank, for an initial public offering in Milan and New York, with a target date of June 1996. But Donatella said vesterday there

ued as the financial head of was now no timetable for the prefer that you wait for the the business, which had \$554m flotation because it had been end of 1998. in revenues last year and caught up in Italy's civil and "Gianni to fiscal laws of succession.

> s Versace said that Versace, like other global luxury brands, had felt Asia's economic problems, but had not been seriously affected. The short-term effect of Gianni's death had been an upturn in

sales, because of the publicity. "We are pretty good in 1997," she said, puffing on a Marlboro cigarette. "But, you know, to judge my new role, l

ago that if anything happened to one of us, the other would be the one to keep alive the Versace legacy. "Gianni was a very gener-

ous genius, because whatever he knew, he told us. That's the brilliant thing about Gianni: he shared his knowledge, and not many people do that. I hope I understood enough to carry on where he left off. I think I did."

Publicis in partial takeover of True North

By Andrew Jack in Paris

Publicis, the Paris-based advertising agency, yesterday upped the stakes in its feud with True North of the US by launching a partial takeover that values the company at just over \$700m.

Under the bid's terms, Publicis would pay \$28 for each of up to 9.6m shares, increasing its 18.5 per cent stake to just over 50 per cent. It would then merge True North with its own advertising activities in a transaction paid for in shares to raise its stake in the US group to about two-thirds.

Maurice Lévy, chairman of Publicis, said: "This is a very, very attractive operation that is attractive to True North and Publicis shareholders. The offer shows our determination to succeed."

The action was originally triggered by True North's proosal to take over the rival USbased advertising agency Bozell this year. Publicis wrote to True North last month to express its objection to the deal and to propose its own \$28 cash and share offer.

True North, which reached a settlement with Publicis this spring after a long-running feud over the operation of a jointly controlled agency network, said it would be impossible for the two groups to reconcile their differences.

But Mr Lévy said yesterday the dispute had only affected the groups' top corporate management.

He said the Bozell acquisition would have diluted Publicis's stake so that it could no longer use equity accounting to include a proportion of True North's results in its own accounts. But he dismissed the financial impact as tiny.

He said he would not necessarily have proposed a takeover of True North had it not launched the bid for Bozell, which he said created "additional weaknesses" in the US

James Dougherty, an analyst with Dean Witter Reynolds in New York, said: "It is good that Publicis has come up with a tangible offer. I can't see how two companies that have for months publicly talked about how much they detest together. But True North has been a problem area for many years. If I was a shareholder, I would take the money."

Publicis is advised by Lazard Richard Tomkins | Frères, the investment bank.

fears among analysts that the recent slide in the Japanese **DMG** to scale stock market could seriously damage banks such as LTCB. LTCB's share price, which closed at Y215 yesterday, has back equities halved in the past two months. Hidden equity gains are crucial in Japan because under the country's accounting rules operations in Asia banks have to record a loss at year-end on their share portfolies if they fall. However, they

Deutsche Morgan Grenfell will today become the latest investment bank to cut back in off their huge bad loans. But if Asia when it announces plans to retrench its equities operations in Thailand, India and Korea.

Job losses have continued to JP Morgan estimates that mount in investment banks five large banks lose their across the region as trading equity gains when the Nikkei volumes and new issues dwindled in the wake of turnoil in LTCB's data show that the Asian financial markets in October and November. company's exposure to the

Cuts at Peregrine Investnent Holdings and NatWest Markets in Hong Kong have proved to be just a beginning.

DMG, the investment bankthe Nikkei dropped to 17,700. It ing subsidiary of Germany's Deutsche Bank, will move its equity sales and research equity portfolio, in addition to teams in Korea and India to its main regional hubs in Hong

Katsunobu Onogi, LTCB president, yesterday down-Kong and Singapore. Thai equity sales will also be played suggestions that the moved, though research will company could face a liquidity squeeze because of recent remain in Bangkok. Mark Cullen, DMG's head of

At the end of September the equities in Asia, said the group had Y780bn cash, changes would only affect 40 Y1,200bn Japanese government staff in the three countries. bonds and Y400bn government There will be people that go, agency bonds on its books, he but this is not a case of walking in and shooting out the lights."

It has no need at present to tap international markets The deepest cuts have come because it had raised addiat Peregrine, which last week tional funds earlier, he added. announced it was shedding 275 Although bad loans next March are projected to be

of its 1,750 staff. NatWest Markets meanwhile around Y1,100hn, this will be covered by Y500bn bad loan have both put their Asian provisions the group plans to take - a step that will push the group into a Y320bn pre-

equities businesses up for sale. Policy of honesty, Page 16 Hong Kong, but more job business.

parts of its business. In many smaller Asian financial centres, such as Jakarta and Kuala Lumpur, western investment banks are shedding expatriate staff,

whose high salaries make up a large proportion of their cost

"Equity origination and secondary market trading is going to be difficult for the next couple of years," Mr Cullen said. For DMG, the centralising of equities operations partially reverses four years of aggres-

sive expansion in Asia. The offices in South Korea, Thailand and India are among those most recently established and are not yet making solid returns.

"They have got to make some cuts, and it's easiest to make cuts where you are not yet up and running," said a senior DMG manager.

Mr Cullen said many of the staff affected would be offered posts elsewhere in the region. "No one is closing. All we are doing is moving people around, putting them under the roofs which best suit

DMG officials denied that the cuts were caused by any abnormal trading losses during the recent upheaval in

Although DMG had been rumoured to be among the laid off 55 from its debt unit in heaviest losers from its Hong Kong; it and Barclays positions in Asian equity derivatives, Mr Cullen noted that it was expanding its trad-Jardine Fleming has con- ing operations in the region firmed three redundancies in with the purchase of Natits research department in West's equity derivatives



Honesty is best policy at LTCB

atsunobu Onogi, president of Long-Term Credit Bank, presents a piece of paper to try to explain the market unease besetting his bank. On it is a graph showing the levels of the Japanese stock market at which LTCB loses the "hidden gains" on its equity portfolios (or the gap between the book and market value of these shares).

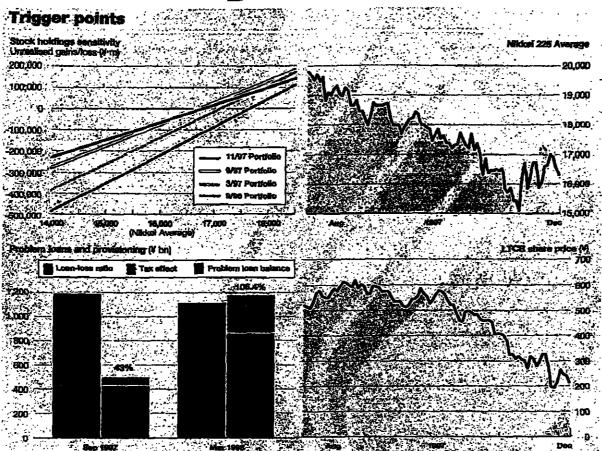
At first glance, it might seem alarming: at yesterday's Nikkei close, the company has already lost its financial cushion of equity

But it also provides reason for cheer. Banking analysts have long suspected, according to their own calculations, that several Japanese banks lose their equity gains at these levels (although this has been hard to calculate. as they do not know the precise mix of shares). But what the chart implies is that LTCB has been making strenuous efforts in recent months to change its exposure by selling selected

The decision to reveal the numbers provides one hint of the change now afoot at some Japanese banks such as LTCB, following the unprecedented collapse of three large financial institutions last month - a change that in the longer term could help boost investor confi-

The pressures on LTCB are clear. In the past three months its share price has plunged. Credit rating agencies have downgraded the group: IBCA this week put the company down to a level only three notches above "junk" status, in part planned cross-shareholding because of fears that the group's business franchise

These concerns have left the company paying 30 basis points more than Industrial Bank of Japan for its debentures - a development which could hurt profits this year. Recent business results have been mediocre: the group's pre-tax profits fell 7.9 per cent in the first six months of the year, compared with the same period last year. reform seems to be creeping ing. "What this turmoil has address this problem by



rumours that its recent alliance with Swiss Bank Corporation is fraying.

These rumours are hotly denied by both sides. In practice, preparations for the planned joint ventures are proceeding rapidly. Luqman Arnold, of SBC. says: "Our commitment is as strong as ever." But a capital-raising exercise - and - has been delayed until early next year, in the hope that market conditions will be less turbulent.

These woes give plenty of reason for gloom. But they might also carry the seeds of hope. As LTCB's share price falls, SBC's influence over the bank appears to be growing, in turn raising the pressure for the adoption of new western-style practices.

On top of this, the group's in. Mr Onogi argues: "This share price has been hit by turmoil is going to accelerate the transformation of LTCB's balance sheet, its business and our own corpo-

> Onogi has long made no secret of V his willingness to change. He is one of the more innovative and internationally minded of Japan's banking leaders. Two years ago. LTCB was one of the first banks to start reducing its risk-weighted assets and its equity portfolio. He pernally pushed through the alliance with SBC.

Until recently he faced lingering opposition within the domestic side of the bank. But recent events have played into his bands: after watching other large financial institutions collapse last month, resistance to change Even aside from SBC, within LTCB is disappear-

done is pull the staff together," Mr Onogi says. "It could be the milestone that transforms our future."

The business results have yet to be seen. But Mr Onogi plans to introduce a more meritocratic pay structure next year. He is also planning changes in the group's core business operations.

This is crucial because the three areas of business covered in the joint ventures with SBC - investment banking, private banking and asset management will potentially leave LTCB with just the rump of its traditional corporate lending At present this looks unst-

tractive: Y3,700bn (\$28.8bn) of this is only earning a spread of 50 basis points (in effect, an unprofitable level), while Y8,000bn has a spread higher than 75 points. But Mr Onogi wants to able middle-ranking corporate loan sector, and sharply ing to large, multinational companies will be directed instead towards the investment banking joint venture, he says.

focusing on the more profit

Whether this will be enough to convince investors that the group has a viable future outside the joint ventures remains unclear and any hint that the relationship with SBC is ailing is likely to leave the share price plunging again. But by taking the bold

step to release more information, LTCB is setting a precedent that will be cheered by western investors and may even force more disclosure at other banks. Mr Onogi could yet deserve a chapter in the annals of Japan's financial history.

Wheelock ASIA-PACIFIC NEWS DIGEST lifted by

By Louise Lucas in Hong Kong

Wheelock, the Hong Kong property conglomerate, yesterday reported a 51.8 per cent rise in net profits for the six months to September 30, from HK\$788m to HK\$1.2bn (U\$\$155m).

property

sales

Property was the engine for growth. The group sold 34 flats at an average price of about HK\$6,300 a square foot, as well as several flats in two other developments. Since the end of the interim period, 44 more flats at a fourth development

have been sold. Despite the downturn in property markets throughont Asia, Gonzaga Li, chair-man, said Wheelock was "carefully assessing the possibility of an initial sales launch in the next several months" of almost 1,700 flats in Diamond Hill, a densely-populated part of the territory's Kowloon

Wheelock is continuing to build residential apartments. In Singapore, Wheelock's Marco Polo Developments subsidiary will next year close the Marco Polo Hotel to make way for a luxury condominium project.

in Hong Kong, the company, with others in the Wheelock stable, has won the contract to develop Kowloon Station Package Two, a 2.26m sq ft residential project at the new Mass Transit Railway Kowloon Station, across the water from the Central business district.

Sales in the period rose to HK\$1.92bn from HK\$1.57bn. The company said its share of profits from associated companies in the period amounted to HK\$1.3bn, compared with HK\$753.1m a year earlier.

Earnings per share at the halfway stage rose 50.9 per cent, from 39.1 BK cents to 59 HK cents. However, the interim dividend is held at Gillian Tett 11.5 HK cents.

CSFB details bid for Finance One

Credit Suisse First Boston, the investment bank, yesterday released details of its takeover hid for Finance One, Thailand's largest suspended finance company, which faces possible liquidation on Monday.

CSFB said it would inject Bt6.24bn (\$146m) into Finance One to purchase between 70.5 per cent and 80 per cent of the company. The Thai government and other senior creditors would be issued new notes at 66.67 per cent of face value of their original debt. The new debt would mature in eight years, CSFB said. In addition, the creditors would receive 29.5 per cent of the equity of the reopened company. Eurobond holders would receive a new note equal to 80 per cent of their original debt, carrying a 10-year

maturity. CSFB, which is a significant creditor of Finance One through its holding of 48 per cent of the Thai company's 63m eurobond, made a bid for Finance One in mid-Norember that irked senior creditors who have direct loans to Finance One. On Wednesday the senior creditors enlisted WestLB, the German bank, to submit a rival

Analysts said yesterday that they expected both the CSFB bid and the WestLB offer to be rejected by Thai Ted Bardacke, Bangko

■ PEREGRINE INVESTMENTS

Commercial paper downgraded

Moody's Investors Service, the credit-rating agency, has downgraded the rating assigned to a multiple-currency euro commercial paper facility of Peregrine Investments Holdings. The revised rating, to Prime-3, follows a downgrading of the Investment Bank of Korea, which supported the transaction in the form of a direct-pay letter of

INDONESIA

Nissan to build engine plant

Nissan has won approval to build an engine manufacturing plant in Indonesia in a joint venture with a local com-pany and Nissan's Malaysian partner. The total invest-ment is scheduled at Y8.5bn (\$66m).

The decision to set up a new engine plant highlights the push by Japanese industry into south-east Asia. Japanese carmakers, including Nissan, have a long history in the region and command high market shares in most countries. Nissan already has a manufacturing facility in Indonesia which produces its most popular models, such as the Sunny and the Terrano.

The Japanese company said the new plant would produce four-cylinder engines in the 1.3 to 1.8 litre class from the summer of 2000. The facility would be capable of machining 140,000 units and assembling 40,000 a year.

The engines will be exported to other countries, such as Thailand, the Philippines and Malaysia, but the new plant will also supply Nissan's manufacturing bases in Indon-Michiyo Nakamoto, Tokyo

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The following company has declared an interim dividend, in South African currency, payable on 4 February 1998 to members registered in the books of the company at 1200hrs on 31 Decem-Name of Company (All companies are incorporated in per share the Republic of South Africa) <u>No.</u> Driefuncein Consolidated Limited Dividends will be electronically transferred to members' bank or building society accounts on 4 February 1998 or, where this method of payment has not been mandated, dividend warrants will be posted to members on 3 February 1998.

Standard conditions relating to the payment of dividends are obtainable at the share transfer office and

The register of members of the company will be closed from 1 January 1998 to 9 January 1998, inclusive

The following company has not declared an interim dividend: Kloof Gold Mining Company Limited (Registration No. 64/04462/06)

By order of the boards: per pro GOLD FIELDS CORPORATE SERVICES LIMITED Landou Secretaries S.J. Dunning, Secretary

Head Office: 75 Fox Street Republic of South Africa

4 December 1997

Johannesburg

5 December 1997





H J Joel Gold Mining Company Limited The Randfontein Estates Gold Mining Company, Witwatersrand, Limited

Western Areas Gold Mining Company Limited Registration number 59, 03279. 06 ies incorporated in the Republic of South Africa)

NOTICE TO SHAREHOLDERS

Due to the continued depressed gold price and the need to retain adequate cash resources to fund the capital expenditure programmes on all of the mines, the Boards have decided to pass interim dividends in respect of the six months ending 31 December 1997.

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A steady drive around the world Toyota aims to overtake Ford as second biggest carmaker, writes Haig Simonian

ike one of its luxurious Century limousines. Toyota has glided in recent weeks over the bumps of a faltering domestic market and the potholes created by the economic turmoil across Asia. So stately has been the progress of Japan's biggest car company - and the world's third-biggest vehicles group, behind General Motors and Ford - that the economic earthquake in its backyard has not shaken its decision to continue expanding. In Paris next Tuesday, the

company will announce it is spending up to Y200bn (\$1.55bn) to build a new small car for Europe at a site near the northern French city of Valenciennes.

The decision will disappoint British politicians, who had hoped Toyota would extend its plant at Burnaston, in the British Midlands. But at least there will be substantial new investment at the Deeside engine plant in Wales to feed the French factory.

For the second time in a year, the news will turn the spotlight on Hiroshi Okuda, Toyota's president for the past two years and the first non-member of the founding Toyoda family to run the group. Mr Okuda's first brush with the European media came when newspapers quoted him as warning that Toyota might pull out of the UK if it did not join the single European currency.

Okuda's domestic reputation as a maverick to a wider group's transformation from audience. "I didn't say anything like that," he says in turer to a global brand, prod- carmakers. Toyota's sales in free flow of people as well as pen to us."

FT Surveys



Hiroshi Okudu: wants to increase output from local plants

an interview at the group's headquarters in Toyota City, near Nagoya. "I was asked what would be required for us to build another plant in the UK. I said that there were a number of conditions, like labour quality, infrastructure, the supply base and the currency. I referred to the currency as just one of the criteria to be met." Toyota will play down any

suggestion that the choice of France was influenced by the politics of European monetary union or by gener-The quotation was later ous grants. Whatever the denied, but it propagated Mr reason, the new factory will mark a further step in the an inward-looking manufac-

ucing vehicles on every continent.

Mr Okuda says Toyota's target is to supply 65 per cent of sales in big markets, such as Europe and the US. from local sources, rather than Japan. Building cars on the spot reduces the risk of trade frictions, which so plagued relations with Washington in the 1980s. It also boosts sales by presenting Toyota as a local "good citizen", reduces exposure to currency fluctuations and shortens supply times.

The French plant is elemental in fulfilling Mr Okuda's "short-term" ambition of overtaking Ford into second place among the world's

Europe, the second-biggest the free flow of capital." car market after the US, have never met its expectations. The group has less about 40 per cent at home. Moreover, sales are concentrated in Germany, the UK and the Benelux; registrations in the big southern Spain are much more patchy.

become decisive if bleak signals from Japan prove lasting. Domestic new car registrations tumbled 23.5 per cent in dancies is central in Toyo-November, the biggest ta's determination to mainmonthly drop since the 1973 oil crisis. Last month's slide was particularly severe for Toyota, which suffered a 27 per cent fall in sales. With domestic consumer confirise in April and recent bankruptcies in the financial sector, carmakers may have to intensify their sales

abroad to compensate. Mr Okuda recognises that internationalisation poses challenges for a company which is still branded by its peers as bureaucratic and provincial. His appointment was widely seen as acknowledgement that the company needed a new broom.

In North America, for example, Toyota's breakneck expansion means production will exceed 1m units by 1999. Japanese-style consensus management from Toyota City may no longer be fered steep falls in their

"That is going to be a big global company in the true sense, we have to accept the

While domestic car sales are skidding, exports will be helped by the weaker yen. than 3 per cent of the Euro- But that consolation is pean market compared with clouded by the risk of tougher competition abroad from rival Asian carmakers. which have even more at stake than the Japanese. Competitors such as Korea's markets of France, Italy and Hyundai and Daewoo, or Proton of Malaysia, have faced an even worse contraction in their home markets, oreign sales could increasing their need to export. They have also experienced much sharper denreciations than the Japanese.

The need to avoid reduntain its 40 per cent share of the domestic market. This slipped in the early 1990s, as the company was slow to develop the niche vehicles which now account for dence crumbling after a tax almost 50 per cent of the market.

"Unless we can keep domestic production at between 3m and 3.5m units ~ corresponding to the 40 per cent market share - we would have to lay off workers. So we have to achieve it." Mr Okuda says economic growth in Japan allowed employees to stay at the same company for a lifetime; "people have become used to this system." This creates pressure for the company to keep expanding to maintain the workforce.

"Toyota doesn't want to follow either GM or Nissan. he says. Both companies sufdomestic shares from historic peaks at 40 per cent challenge. If we want to be a and 30 per cent, respectively, when they grew complacent. "We don't want that to hap-

The Financial Times plans to publish a Survey on

ngapore

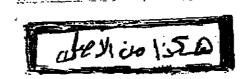
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Veba shake-up includes Stinnes IPO

By Peter Norman

Veba, the Düsseldorf-based industrial group, yesterday ise "additional sustainable added announced a sweeping restructuring of its trading, transport and services division that will include a stock exchange listing for up to 49 per cent of its Stinnes subsidiary in

the second half of next year. The moves - described by Ulrich "focusing Veba's service sectors and setting course for strong Veba shares on German stock mar-recycling activities as well as man-

DM8.35, at the end of floor trading outlets and tyre service businesses. In Frankfurt. Mr Hartmann said Stinnes would

Mr Hartmann said the changes would eliminate overlap and realvalue". The service sector revamp will create a division employing around 60,000 with sales of more than DM30bn (\$17bn), split among three new corporate entities.

Stinnes will become a distribution and logistics company with Hartmann, Veba chief executive, as annual sales of about DM25.3bn, based on 1996 figures.

It will shed its conventional bulk kets. They were at DM114.95, up agerial supervision of do it yourself estate services group with annual

be Europe's largest distribution be worth DM40bn a year. and logistics business, concentrating on chemical distribution, land

transport and trading in building

materials and air freight.

Next year's initial public offering of up to 49 per cent of Stinnes would enable the company to finance its growth through the stock market. Analysts estimated its likely market capitalisation "in the low billions of D-Marks".

Veba will also merge its Raab growth" - triggered a sharp rise in transport, inland shipping and Karcher and Veba Immobilien Raab Karcher companies, will be units to form an integrated real

Mr Hartmann said Stinnes would that Mr Hartmann estimated would

Mr Hartmann said the real estate future privatisations of public sector property in Germany. According to Hartmut Moers, analyst with newly-constituted distribution, Westdeutsche Landesbank in Düsseldorf, the restructuring would help Veba to offer "bundled" services, including electricity, tele-

coms and security, to its tenants. The international electronics trading business, comprising four grouped under a US management

sales of about DM2.1bn in a market on 1996 figures, the four companies - Ebv, Memec, Rein and Wyle have annual sales of DM4.8bn.

Veba also reshuffled its five-year group would be able to profit from investment plan, giving it an international emphasis and steering it towards chemicals, oil and the logistics and real estate division, while reducing spending on electricity generation and distribution from DM12.1bn to DM10.5bn.

Some DM16.1bn of total investments, worth DM32.5bn, will be spent outside Germany in the five years from 1998 to 2002.

M&S to quit Israel after 20

years

By Judy Dempsey in Jerusalem Marks and Spencer, the UK retail group, is pulling out of Israel, ending a 20-year partnership with Blue Square, the country's largest

retailing chain. However. M&S will continue to buy fashion and food products from Israel.

valued at \$300m a year. Yaacov Gelbard, president and chief executive of Blue Square, said the decision was made after two years of losses at M.S.I.F, M&S's

franchise in Israel. Sales in its six retailing outlets amounted to Shk70m (\$20m) last year, but losses were Shk2.5m, widening to Shk4m for the first nine

months of this year. Mr Gelbard said M&S faced a number of problems in consolidating its presence in a retailing sector that is becoming increasingly

competitive.
"M&S is known for very good quality and good value. But the Israeli consumer found the goods too expensive," he said.

M&S also had insufficient space for developing its fashion outlets and was not located in prime areas.

"Its stores were too small - about 300 square metres compared with Zara [the Spanish retailing group], which is opening stores with 1,500 square metres," said owned energy and transport

Securities The UK group was also hampered by the high import tariffs levied on M&S goods sourced from outside

Europe. "This meant M&S relied on European textiles, which reduced choice for the consumer," said Mr Liani. Mr Gelbard, who is taking

on the Zara franchise, said: "We had an opportunity to review the situation. But it was decided to close down the operations. It is a pity." Derek Hayes, executive director of M&S for continental Europe and the

Middle East, said the

The loss of the franchise will not affect Blue Square, which in 1996 became israel's first non-technology stock to be listed on Wall Street. Sales in the third quarter rose 7.1 per cent to Shk836.9m, and net income over the period rose 18.2 per

Havas evolves the hands-on way

report of Havas, the French media business, displays a prominent photograph of Pierre Dauzier, its chairman, but it is Eric Licoys, the managing director appointed this summer, who has exerted his influence over the group in the last few months.

in his office at Havas' Paris headquarters. Mr Licovs in turn plays down the influence on the group of a thìrd man: Jean-Marie Messier, chairman of Générale des Eaux, the French utili-

ties group. In February, Mr Messier announced a complicated share swap which turned Havas into the largest single shareholder in Canal Plus, the pay-television business, and made Générale des Eaux the biggest investor in Havas, with a 30 per cent stake and four boardroom

Minority investors grumhle that it is Mr Messier who now calls the shots and has in effect taken control of handle the sale of some

General Electric, of the US,

yesterday emerged as one of

six companies that have for-

mally declared an interest in

forming a joint venture with

Ansaldo, the Italian state-

Iri, the state holding com-

through Finmeccanica, one

yesterday began to examine

the expressions of interest

The other bidders are Dae-

ment bank, is adviser to iri. cess.

from international bidders.

GE emerges as

Ansaldo suitor

pany which controls Ansaldo considered attractive.

of the country's biggest indicated that GE could con-

J.P. Morgan, the US invest- late stage of the bidding pro-

The latest annual Havas without being of the group's largest invest. Havas Intermediation and required to make a full bid. ments. the news magazine Le Point. So far the French regulators They discussed Havas "a Others, such as the sale of and courts have supported the argument that he is nothing more than an investor, and Mr Licoys agrees.
"I don't have the feeling

that Générale des Raux controls our group," he says. The strategy is clearly

will be supported by our

shareholders. . . .but Havas is

since 1990, when they

worked together at the fund

management arm of Lazard

Frères. At the end of 1996,

Mr Messier, by then estab-

lished as chairman of Génér-

The bidding is the latest

attempt by Iri to break up

Finmeccanica and forge joint

ventures and alliances for

Although Finmeccanica

reported losses of about

L1.950bn (\$1.12bn) for the

first six months of this year,

its transport business, are

through a consortium. involving other companies.

Although Iri was not willing

to comment on the idea, it

Reports in Italy yesterday

some of its divisions.

managed independently." He has known Mr Messier

hired, but it was not one of his responsibilities. Once the zier who selected him as

There have been a number

managing director. "Havas was a group not for sale piece by piece."

little" at the time he was the magazine L'Express, have been halted. "Now," Mr Licoys says, transaction had taken place, "we have to calm things he says, it was Pierre Dau-down a bit and reassure our

own troops. People have to stop thinking that Haves is

'I don't feel Générale des Eaux controls our group. The strategy is established by Havas. If I identify markets, they will be supported by our shareholders. Havas is managed independently' - Eric Lycos, Havas managing director

established by Havas. If I used to disposals," says Mr identify new markets, they Licoys. "It had developed by unwinding of the group's external growth. We are unquoted 40 per cent stake negotiated evolving, so we no longer in CLMM, exchanging it for sidiaries manage Havas like a holding a more liquid 19.6 per cent of partners. Audiofina - a level which he company, but in a more hands-on way. It was logical says could just as easily rise when Générale des Eaux

It is believed the group's took a stake that it should reinforce the management 38 per cent stake in Havas Advertising could fall to 19 per cent during 1998. And Mr ale des Eaux. ale des Eaux, hired him to of disposals in the last few Licoys does not deny suggest months, such as that of tions that a sale of its travel

the news magazine Le Point likely to take the form of a quotation. A decision is to be taken by the end of this That will still leave the

agency, Havas Voyages, is as

group with a number of minority stakes. "To be a leader in communication, you are obliged to be present in every sector," he says, while adding: "If it works, you have to increase in power and take control and manage stakes directly."

He stresses the need to build on Havas' cultural and educational strengths in the Angio-Saxon market, "mutualising" products through alliances or joint ventures negotiated between its subsidiaries and international

He also highlights the need to boost Havas' role as a multimedia content provider, notably through its link with the telecoms and internet activities of Génér-

Andrew Jack



woo, Siemens, GEC-Alsthom, did say that rival companies KME, the world's largest copper processor, yesterday revised upwards its 1997 pre-tax Asea Brown Boveri and Fiat. could form a consortium at a | profit forecast to DM140m (\$79.2m) and said it may raise its dividend. The upbeat outlook reflects strength in its rolled products division, which made the sheet copper cladding for the Netherlands' Science and Technology Museum in Amsterdam (above).

Russian gas group seeks up to \$12bn

company remained By John Tr committed to trading in Moscow By John Thombill

> Gazprom. Russia's gas monopoly, plans to raise hetween \$9bn and \$12bn of before the end of the decade. That would make it one of the biggest corporate issuers and explains the ferocious

world's most powerful is about \$5bn a year. investment banks to win This summer, Ga mandates from the

Pyotr Rodionov, deputy chief executive, yesterday debt and equity capital told an investor conference in Moscow that Gazprom would invest \$40bn by 2005, mainly in developing the in any emerging market, giant gas reserves in the Yamal peninsula. Gazprom's

This summer, Gazprom

mandated Goldman Sachs and ABN Amro to arrange a \$2.5bn financing package, consisting of convertible bonds and a debut eurobond. The roadshow for the convertible bond was due to begin in mid-November. But this capital-raising

exercise was delayed by the competition among the current capital expenditure turbulence in the world's

financial markets and is of its equity to foreign now expected to take place in the first half of 1998. Gazprom denied that the delay was linked to criticisms in the US Congress of its forthcoming investments in Iran.

Mr Rodionov said Gazprom planned to issue up to \$2bn of American Depositary Shares within the next two years as it fulfilled its obligation to sell 9 per cent

It would also issue \$2bn of convertible bonds, half of which might be taken up by Royal Dutch/Shell. Gazpron would also raise \$2bn-\$3.5bn by means of secured financing and a further \$1bn-\$1.5bn of unsecured loans. Secured and unsecured eurobond issues could raise an additional \$2bn-\$3bn.

EUROPEAN NEWS DIGEST

Porsche sees 10% advance

Porsche, the German prestige sports carmaker, expects profits to improve again this year, although less dramatically than the near-tripling of net income in the year to July 1997. Wendelin Wiedeking, chairman, said the rise should be at least 10 per cent, compared with last year's 190 per cent rise to DM139m (\$78.6m). The strong performance, after losses in the early 1990s, has been helped by its new Boxster convertible.

Turnover should exceed DMA.5bn. This compares with last year's DM4.1bn, which was 46 per cent higher than in 1995-96, but 31 per cent higher after the consolidation of the US and Spanish subsidiaries. In the first four months to end-November, turnover was 13 per cent higher at DM1.28bn. Unit sales rose 16 per cent to 9,700. For the full year. Porsche expects to sell at least 38,000 cars; last year, sales rose 68 per cent to 32,330 cars. As well as introducing the Boxster a year ago, Porsine revamped its classic 911 marque. Exports to North America rose 85 per cent last year to 12,860 cars. Exports elsewhere were 54 per cent higher at 9,855. Sharp sales increases were recorded in Japan, where Porsche is taking control of imports and sales, the UK, Italy and Germany.

Andrew Fisher, Frankfuri

RUSSIA

Volvo mulls Russian bus plant

Volvo, the Swedish carmaker, is considering building a bus assembly plant in Russia. The company, which yesterday signed a memorandum of understanding with the Russian government, said it was close to agreeing a dsal to build and supply buses in the town of Omsk.

The contract, initially involving production of about 100 municipal buses, would represent Volvo's first manufacturing investment in the former Soviet Union. Leif Johansson, chief executive, said a plant could be built within two years.

He gave no indication of the likely investment involved, but predicted it would have a capacity of between 1,000 and 2,000 buses a year.

Mr Johansson yesterday discussed the deal with Boris Nemtsov, Russia's first deputy prime minister, who visted Volvo's Gothenburg headquarters following a threeday visit to Sweden by Boris Yeltsin, president. According to the memorandum signed by Volvo and Russian transport officials, the Swedish manufacturer plans to "expand its industrial and commercial presence in Russia, beginning with the production of buses and trucks".

Last week, Mr Johansson indicated Volvo intended to scale back its growth plans in Asia and refocus on investment in eastern Europe. The company completed a truck and bus assembly plant at Wroclaw in Poland this year, and is thought to be considering other joint ventures and investments in the region. Tim Burt, Stockholm

FRANCE Renault in talks with NTN

Renault, the French carmaker, said yesterday it was in talks with NTN of Japan which could lead to a joint venture to make constant velocity joints in the Le Mans region of western France. It said the project could result in an investment of FFr1.5bn (\$253.4m) by the Japanese equipment manufacturer. CVJs are rapidly replacing the wheel-end tripod joints the French company manufactures in Le Mans. Yesterday's development comes as Toyota, Japan's biggest carmaker, is poised to announce plans to build a FFr3.5bn car assembly plant in France. David Owen, Paris

■ POLISH BANKING

S&P gives Pekao BBB- rating

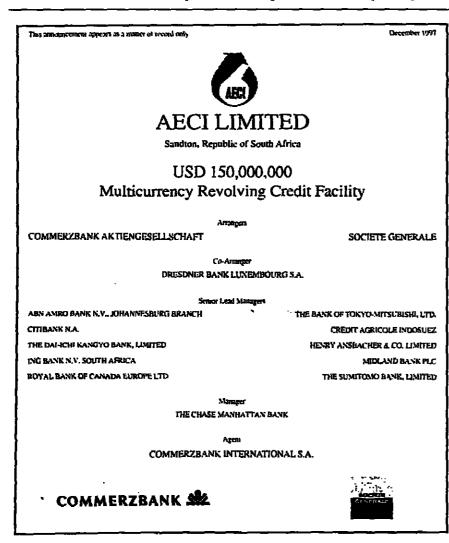
Poland's state-owned Pekao SA commercial banking group, which is due to be partially privatised next spring, has been given a BBB- long-term credit rating by Standard and Poor's, the credit rating agency. Andrzej Dorosz president of the bank, said yesterday a draft prospectus on the planned equity sale would be sent to Poland's Securities Commission (KPW) this month. He expects 15 per cent of the bank's equity to be floated on the Warsaw

Stock Exchange in April. The state treasury, which is responsible for the sale, is being advised by CSFB; Salomon Brothers has advised Pekao SA throughout the rating procedure. Under plans approved by Poland's previous government, a secondary offering of new and existing equity equal to 25 per cent of the bank's value is to be floated in 1999. Mr Dorosz said the bank's 10-month results showed a net profit of 540.3m zlotys (\$154m), up 4 per cent on last year. Christopher Bobinski, Warsaw

TALY

BASF inks plant still closed

Production at German group BASF's printing inks plant near Milan remained closed yesterday. The closure of the 40,000 metric tons-a-year unit in Cinisello Balsamo follows an explosion on Tuesday that injured 13 employees. The cause of the explosion is still not known. APDJ, London



NOTICE OF EARLY REDEMPTION To the holders of £250,000,000 Floating Rate Notes due 1999 - Series Number 15

(the "Notes") CHELTENHAM & GLOUCESTER ple (the "Issuer")

ISSUED PURSUANT TO A US\$1,500,000,000 NOTE PROGRAMME FOR THE ISSUE OF EURO MEDIUM TERM NOTES, DEPOSIT NOTES AND SUBORDINATED

THEIR DATE OF ISSUE NOTICE IS HEREBY CIVEN to holders of the Notes (the "Noteholders") that the Issuer has elected, pursuant to Condition 5(d) of the Notes, to redeem the Notes on 22 January 1998 (the "Redemption Date") at their outstanding principal amount.

NOTES DUE FROM 1 MONTH TO 30 YEARS FROM

Payment of the principal and interest will be made to the Noteholders on or after the Redemption Date against presentation and surrender of the Notes-together with all committeed Coupons appertaining thereto at the office of either of the Paying Agents listed below.

Notes and Coupous will become void unless presented for payment within ten and five years, respectively, in each case from the relevant date (as defined in Condition 7 of the Notes).

PRINCIPAL PAYING AGENT Morgan Guaranty Trust Company of New York
60 Victoria Embankment Loudon EC47 0JP PAYING AGENTS

Banque Paribas Laxembourg 10a houlevard Royal

Morgan Guaranty Trost Company of New York avenne des Arts 35 B-1040 Brussels TRUSTEE

The Law Debenture Trust Corporation p.Lc.

for and on behalf of CHELTENHAM & GLOUCESTER ple

Olympus \$50m hedge fund targets Europe

By Jonathan Ford

Recent turmoil in European equity markets has not dampered the appetite of hedge fund investors for continental equities.

Olympus, a London-based hedge fund which starts trading today is understood to have raised about \$50m to invest in European equity markets. It is the second European

hedge fund to have started trading in the past two months. Adelphi, which has assets of around \$75m, was launched on October 1. Two other funds are rais-

ing capital with the intention of launching next year. Marshall Wace, a partnership between former senior employees of Mercury Asset Management and Deutsche Morgan Grenfell, and Beaver Creek, an arbitrage fund headed by two former Salomon Brothers bankers.

According to analysts, demand for new European funds comes principally from US investors who are seaking exposure to the continent's equity markets - a Berg, former director of Europe," he said.

have been checked by recent sche Morgan Grenfell. volatikty.

Europe because of all the soned US hedge fund invescorporate restructuring that tors see volatile markets as a monetary union is expected to cause," said Nicola Meaden, a director of Tass, a research company.

Existing European equity funds have performed strongly in the past two years as regional economies have recovered and contistarted to restructure ahead of monetary union.

Sloane Robinson, which fund in January 1994, has generated an annual return since inception. Egerton, one of the largest existing Euro-31hn, has produced annual

of Schroder Investment Man-

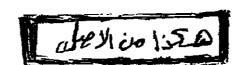
trend that does not seem to European equities at Deut-

Dr Tjia said much of the "Investors think there are fund's money came from US a lot of opportunities in institutional investors. "Seapositive thing, because they throw up a lot of mispricing that creates arbitrage opportunities."

European investors, who tend to be wealthy individuals, had been less confident, he said.

Olympus will invest a minnental companies have imum of 80 per cent of investable assets in listed European equities, including UK stocks. Up to 20 per cent established its European of the fund has been set aside for non-European stocks with businesses of 22 per cent in dollar terms which have a strong Euro-

Dr Tjia said he thought pean funds with assets of European hedge funds were set for a period of growth, in returns of 31 per cent since part because of monetary its inception in December union but also because the sector remained under-repre-Olympus was set up by Dr sented. "In the US, there are Ton Tjia, formerly a director around 3,000 hedge funds, while there are only about 12 agement, and Philip van den serious funds based in



COMPANIES AND FINANCE: THE AMERICAS

Singer to cut 6,000 jobs as costs rise

By Richard Waters in New York

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PEAN NEW CUE

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Kong but listed in New York, has Germany and Japan. been reeling since the summer from the devaluation in Thailand, its biggest single market. Asia repand 60 per cent of profits last year,

closed plans to cut nearly 6,000 said there had been a steady deteri- in Singer's markets. jobs, or 28 per cent of its work- oration in Singer's competitiveness

company.

Singer, the world's biggest sewing chief executive yesterday to per-tries, and to close excess capacity he added. machine maker, yesterday dis- form the role of company doctor, to keep pace with the contraction

The company refused to put speforce, prompted by rising costs and in recent years, resulting in partic- cific numbers on the job cuts at its sition of Pfaff, a German sewing the economic turmoil in east Asia. ular from high labour costs in a manufacturing plants around the machine maker. Mr Goodman The company, based in Hong number of countries, including world Mr Goodman said, though, added that Singer would open a that the biggest cuts would come new, smaller plant in Germany. The plans outlined yesterday will at a plant outside São Paulo in take three years to push through Brazil, where rising wages and pre-tax charge of \$186m this year, and will lead eventually to annual strikes had eaten into the compa-some \$146m of which is due to the resented about 40 per cent of sales savings of \$104m, according to the ny's competitiveness. Labour costs severance costs. ompany. there had risen to \$18 an hour. To pay for this, and raise the emerging markets of Asia and They reflect an attempt to shift compared with the \$3 an hour that \$76m Singer has earmarked for Latin America.

in São Paulo

outsider who was brought in as ing operations to lower-cost coun- was expanding in Northern Brazil, tions, the company hopes to raise

Germany, where the company has 2,100 workers after its recent acqui-The retrenchment will lead to a

launched a global offering of from institutional investors

290m ordinary shares at a taking a long-term view.

However, Stephen Goodman, an the focus of Singer's manufactur- Singer would pay at a new plant it new investment in lower-cost loca-\$220m, net of tax, by selling the Further big cuts are expected in land and buildings it will not need.

Mr Goodman, a former head of mergers and acquisitions for Bankers Trust in Asia, was named chief executive in place of James Ting. the Chinese Canadian businessman who took control of Singer in 1989 and who will remain its chairman. Despite the drastic cut-backs, Mr Goodman said Singer would stick to its strategy of focusing on the

share's most recent traded

price in Brazil, of R\$398 on

\$16.66, each representing 50

The GDSs are offered at

Canadian banks benefit from surging markets

in Toronto

A strong economy and surging markets belped Canada's five big banks to came from investment banking, brokerage and mutual funds businesses, while loan revenues were also up as

ened throughout the year. The Canadian Imperial Bank of Commerce, the nation's second largest, yesterday reported earnings for the year to October up 14 per cent to almost C\$1.6bn (US\$1.13bn), The bank said that its core businesses had solid earnings performances. CIBC's results followed strong reports from the other four big institutions

Coteminas is one of over the past two weeks. Brazil's biggest and most Royal Bank of Canada this modern textile companies. It week reported net carnings up 17 per cent to C\$1.7bn, the country's largest-ever recorded profits of R\$34m in the nine months to September on turnover of corporate profit. The result was boosted by the perfor-

Mr Pereira said that mance of its fee-based busi-Coteminas would use the funds raised to increase its Bank of Montreal said net manufacturing capacity at income rose almost 12 per plants in the north-east of cent to C\$1.3bn on strong

loans and earnings on bonds and equities of developing

Bank of Nova Scotia, the most international of Canarecord annual profits. A da's banks, reported record large share of the earnings profits of C\$1.5bn, up 42 per cent on last year due to strong growth of its corporate and investment banking divisions.

Toronto Dominion Bank revealed earnings of C\$1.1bn. a record, up 19 per cent from 1996. The rise reflected the growth of TD's investment banking, brokerage and

mutual fund businesses. throughout 1997, with the Toronto stock exchange's banks and trust index rising

Bank earnings are expected to continue growing next year, although not at the

rate seen in 1997. Analysis expect the

growth of corporate and investment bank carnings will slow in the new year. but a shift toward retail and consumer bank carnings should compensate.

Net earnings at Canada's increase between 10 per cent business volume growth, and 15 per cent next year.

Disney dips 1.5% after | Coteminas launches Eisner sells 4m shares | R\$107.3m global issue

By Christopher Parkes in Los Angeles

Walt Disney's share price fell in a rising market early yesterday, a day after Michael Eisner, chairman and chief executive, exercised 7.3m stock options and immediately sold 4m.

The group's shares, bolstered by recent record he has run the company by come attention. results for 1996-97, dipped more than 1.5 per cent to \$93% from Wednesday's closing price of \$95%.

Mr Eisner acknowledged that the exercise of options, granted in 1989 and due to nity, there is concern about expire next year, would apparent weaknesses in the

"undoubtedly cause much

also-ran status to being the entertainment industry 14 lacklustre months as leader, Mr Eisner earns a rel-group president. A lawsuit atively modest \$750,000 a filed by Jeffrey Katzenberg, year in basic pay. His former studio chief, claiming rewards have been substan- \$250m in unpaid bonuses. tially boosted in the 14 years has attracted more unweloption incentives which have helped build his for-

tune to an estimated \$760m. ner's personal stake in the Although Mr Eisner's performance is much admired in the investment commu-

discussion". tem which were exposed by Widely credited with the revival of Disney from for Michael Ovitz, who left Disney a year ago after only

> The net effect of this week's dealings on Mr Eiscompany was to increase his holding from 2m shares to 3.6m shares.

60 per cent of the offer but a very positive price. Investhe remainder will be placed tors were impressed by the on US and international markets in the form of Global Depositary Shares. José Olympio Pereira, of Banco Garantia, which lead-

Coteminas, a Brazilian

textiles manufacturer, has

total value of R\$107.3m

(US\$97.5m) - the first by a

Brazilian company since the

start of the crisis on Asian

Brazilian investors will get

financial markets.

quality of Coteminas's management and by its growth The offering was priced at

and through its overseas

affiliates, said the offer had

been delayed by the crisis

but had attracted interest

"We started four road-

show] in the week of October

27, which was the worst pos-

sible time." he said. "But

taking the timing into

account, we have achieved

R\$370 per 1,000 shares, a dis- Brazil.

shares.

R\$158m.

1997 FINANCIAL REPORT

(Canadian \$ millions except per share amounts)

For the year ended October 31

Interest income

Deposits with banks

Interest expense

Net interest income

Investment banking

Preferred dividends paid

Net income available to common shareholders

Average number of common shares outstanding (000's)

Subordinated debentures

Provision for credit losses

Deposit and payment services

Investment management and trust

Net gains on investment securities

Securities

Deposits





113

956

4.08

1.30

234.358

\$

'Chain' of online music stores planned

N2K, the US online entertainment group which floated on Nasdaq this virtual music and video stores.

Larry Rosen, chairman Three years later, the UK, by the end of 1998.

expansion comes at a time when established retailers, expensive market. including Tower Records of iary of EMI, the UK entertainment group, are diversionline music market.

Until recently, the market raise up to \$60m.

Several US retailers, music and videos over the internet, as have Sony and Berteismann's record com-HMV and Virgin, intend to follow in the new year. Mr Rosen, who set up N2K internet access increases.

in 1995 after making a for-

the jazz record label he cofounded, said Music Boulevard needed local operations courier. Mr Rosen said international subsidiaries would be able to tailor product ranges to suit local needs, and increase sales by offer- do not understand the ing faster, cheaper delivery.

A global network of internet record stores would also smooth N2K's relations with record companies concerned that price differentials could be eroded if European and Asian consumers continue to order online from the US. Mr Rosen said he had concluded negotiations with an investor in Japan to estab-

lish a marketing and distri-

bution operation for Music

Boulevard there. He is still

looking for partners in

ets Europe

Internet music retailers hear an upbeat tempo

Rapid growth is expected but costs will be high

fter Jason Olim and ▲ Matthew, had wasted weeks failing to track down autumn, plans to turn Music an obscure Miles Davis Boulevard, one of the larg- album, they borrowed est US internet retailers, \$20,000 to set up CDnow, an into a worldwide "chain" of internet record store, from their parents' home in Philadelphia.

and chief executive of N2K, Olims have filed for an inisaid he hoped to launch a tial public offering in New of Music Boulevard, based help them expand their busiin Japan, next spring. He ness. Like many start-ups, intends to establish similar CDnow owes its early sucoperations in Europe, cess to entrepreneurial starting in Germany and the enthusiasm, but its future will be determined by its N2K's international ability to compete in an increasingly aggressive and

Tower Records, Camelot the US and HMV, a subsid- Music and other conventional US record retailers have now set up internet net. They have also negotifying into the fast-growing stores, as have record companies such as BMG and Sony. N2K, which owns was dominated by special- Music Boulevard, CDnow's ists such as Music Boule- rival online specialist, vard and CDnow, which last recently raised \$63.3m from week filed for an initial pub- a Nasdaq flotation to finance lic offering in New York to its expansion, and CDnow

needs to follow suit. The online music market including Tower and Came- is still relatively small, but it America Online. One reason lot, have started selling is expected to show spectacular growth. Jupiter, a US research consultancy, predicts sales will rise from panies. UK retailers, notably \$47m this year to \$1.64bn or 7.5 per cent of global

Initially, traditional record But the progress of CDnow and N2K, founded by Larry if it was to compete in the Rosen, has encouraged them international online market. to go online. Both companies side the US by air mail or each mustered sales of more than \$3.5m in the third quarter of this year.

demands of operating online. "To them, it's just like setting up another store," he more than a year ago. says. However, Jupiter's according to David Windsorresearch into online book- Clive, chairman. selling suggests many con- Several UK record retailsumers feel more confident ers plan to launch internet sor-Clive has already when ordering from familiar stores early next year, accepted that some areas of names such as the Barnes & including Virgin Megastores, Noble book chain, rather the EMI Group's HMV chain than from internet special- and Tower's UK subsidiary. ists like Amazon.com.

to ward off online competi- but have delayed to comtion from traditional retail- plete work on their sites. ers by stepping up their



Online music

Both companies have spent more money on advertising, on and off the interated exclusive placement rights with internet sites or search engines, whereby consumers click on their logos to go to the Music Boulevard and CDnow sites.

N2K used part of the proceeds of its share issue to pay the advance on an \$18m placement agreement with for CDnow's proposed flotation is to finance a similar \$5.5m deal with the Yahoo and Excite search engines.

Until now, the two companies have concentrated their record sales - in 2002, as marketing efforts on North America. They sell to consumers in other countries, tune from the sale of GRP, labels and retailers were but charge higher postage sceptical about the internet. rates. Music Boulevard generates a quarter of its turn-Mr Rosen expects the those compact discs by the post. markets to expand rapidly as It supplies consumers out- are still loss-making, but internet usage increases. A couple of specialist

internet record stores are already established outside Mr Rosen claims that North America, notably "brick and mortar retailers" DMVS.com, a UK company quoted on Ofex in London. IMVS generates monthly sales of £50,000, 10 times

N2K and CDnow are trying online sales this autumn, tion," he says. N2K is keen to establish versions of Music Boulevard

Worldwide sales, estimated

1997

outside North America before the local competition strengthens. Mr Rosen plans to start in Japan next spring, later in the year.

He expects to finance the launch of the international operations from N2K's flotation proceeds. Like other may soon have to make substantial investments in software to deliver albums and singles directly to consumers' computers as digital sigover in Asia and Europe, but nals, rather than sending

> r Rosen claims such investments are essential if N2K is to remain competitive against traditional retailers. But the cost of placement deals, expansion and software advances may prove too much for smaller compa-

IMVS hopes to diversify into other European countries next year, but Mr Windthe online music market are too expensive. "Paying mil lions of dollars for placement All three planned to start rights is out of the ques Americans might be able to afford them, but we can't."

Alice Rawsthorn

Mr Kangas. He added that

Scotiabank 5

Consolidated Statement of Income 1996 7,881 8.082 770 740 10,378 5,714 5,969 841 6,771 7,024 3.354 3.717 380 35 2.974 Net interest income after provision for credit losses 3.682 230 333 129 257 128

2.008 6,365 4.982 Net interest and other income 1,702 1.973 Pension contributions and other staff benefits 778 664 Premises and equipment, including depreciation 829 663 (20)Restructuring costs 3.217 4.059 1.765 2.306 Income before the undernoted: 665 Provision for income taxes Non-controlling interest in net income of subsidiaries 1,069 \$ 1.514

\$

Net income per common share \$. Dividends per common share Consolidated Balance Sheet Highlights

(Canadian \$ millions) 1996 1997 14,737 Cash resources 27.999 25.905 Securities Assets purchased under resale agreements 95.621 Loans 19,926 Other assets 24,695 \$ 195,153 \$ 165,301 Total assets 59,239 47,768 Deposits - Personal 56 928 44.981 **Business and governments** 22,808 25,145 117,894 Total deposits 36,407 Other liabilities Subordinated debentures 5.167 3,251 Preferred 1.468 1.325 7.930 6.424 \$ 195,153 \$ 165,301

Total liabilities and equity

The Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles including the accounting requirements of the Superintendent of Financial Institutions Canada. The statements include the assets, liabilities and results of operations of the Bank and all of its subsidiaries and effectively controlled associated corporations after the elimination of intercompany transactions and balances. Investments in associated corporations, where the Bank has significant influence or holds at least 20% but not nore than 50% of the voting shares, are accounted for on the equity basis.

As at October 31, 1997, 244,906,152 common shares were issued and outstanding (October 31. 1996: 237,446,611). The per share statistics he been based on the daily average of equivalent fully The Shareholders' Auditors have audited and

reported on the Consolidated Financial Statements of the Bank as at and for the years ended October 31, 1997 and 1996. Their report is included in the Annual Report.

Certain comparative amounts have been reclassified to conform with current year presentation.

sudive Offices: Scotic Plaza, 44 King Street West, Torortic, Canada MSH 1H1.

In addition to more than 1,390 branches and offices across Canada, sinches, offices, subsidiaries and associated corporations in over 50 countries and territories including the United States, the Caribboan, Contral and South Americe, Europe and Africa and the Pacific Rim. THE BANK OF NOVA SCOTIA

Record revenues for Deloittes

By Jim Kelly, Accountancy Correspondent

International, one of the momentum to remain sucglobal Big Six accounting firms, yesterday reported record revenues of \$7.4bn for 1997, up 14 per cent from the \$6.5bn of the previous year. The firm said it would involved in merger plans -

'n,

in spite of consolidation in grow and serve clients with-the sector. Ed Kangas, world out consolidation, and both providing our clients with Deloitte Touche Tohmatsu confirm that we have the the sector reorganises. marketplace."

D'ITI and Andersen's – the two Big Six firms not grew by 15.5 per cent. maintain its current strategy have said they will be able to position that robust competi- Hong Kong.

chairman, said: "Our results expect to pick up clients as outstanding service," said In the UK, Deloitte & the firm's consulting praccessful, attract the best Touche said that in the year tice had helped bolsten people and thrive in today's to September fees rose 10.4 growth. per cent to \$748m. Revenues

from consulting services

The firm's position in the Asta-Pacific region had been helped by a merger with "Our results validate our Kwan Wong Tan & Fong, of

LEX COMMENT

COMPANIES AND FINANCE: UK

Unwinding of last large agreements brings the UK gas supplier more in line with competition

Centrica settles further contracts

from 5p above the rate when

Centrica, the gas supply business demerged from attached to Centrica. It is another 1p off Centrica's of the competition." said British Gas, has unwound the last of its large, high-cost 'take or pay' contracts, bringing the average price it pays for gas to within 15 per

B mithe to Oct 31
6 mithe to Sept 30
Yr to Sept 30
Yr to Sept 30
Yr to Sept 30
6 mithe to Sept 30
6 mithe to Sept 30
7 to Sept 30

con (Christian) _ 6 miths to Sept 30 Yr to Sept 28 6 miths to Sept 30

cent of market rates. It said yesterday it had of £365m (\$610m) before tax tions" on long-term contracts covering about 6bn

Centrica's shares closed up RESULTS

This deal removes one of the main perceived risks also an endorsement of management which has achieved one of its main objectives on budget and on time," an ana-The 'take or pay' contracts

- inherited from British Gas agreed to pay compensation and mainly struck in the 1980s - committed Centrica to Conoco, Elf and Total, for to buying North Sea gas it "substantial price reduc- no longer needs at prices well above market rates. It is understood that the

contracts settled yesterday bly renegotiate more of the were priced at more than 25p

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(0.205L)

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(0.13L)

Earnings (Est)

(49.9) (5,055) (8,974) (1,220) (459) (1,828) (55.5) (9.4) (49.2)

(381.3)

(205.6) (186.9)

307 190.5

ket rates of about 14p. It is no longer have to as they are thought the move will shave within a close enough range average payment per therm. Howard Cattermole of Flemputting the average 1p to 2p ing Securities. Centrica had aimed to setabove the market rate, down

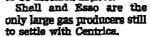
tle the bulk of the contracts

renegotiation of the conbefore next April when competition is introduced in the tracts began two years ago. Analysts said Centrica's price commitments were It said yesterday that, in now "manageable" vis-a-vis broad terms, "about 70 per cent of the problem" had competitors, given the

strength of the British Gas been resolved and that it had now negotiated reduced prices and volumes on some "The company will proba-46bn therms. The cost so far contracts but you could say is about £750m and the total

Centrica's theoretical liabiling over 10-15 years, with most of this concentrated in the next five years

Centrica will charge the £365m payment to this year's large losses. It is also to take possible further compensation to the three companies, to be assessed in 2008.





Roy Gardner, Centrica's

Diageo poised for US go-ahead

By John Willman

Approval from the US competition authorities for the £22bn (\$36.7bn) merger of Grand Metropolitan and Guinness is likely next week, John McGrath, Grand-Met's chief executive said

Diageo, as the new group will be called, will have about 60 per cent of the US standard scotch market and has offered to sell Dewar's, the leading brand there.

Mr McGrath, who will be chief executive of the merged group, refused to comment on the expected

ours that it would have to sell Bombay Sapphire, a

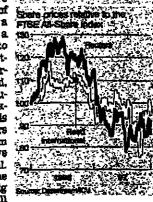
But he said the Federal Trade Commission would issue its ruling before December 17 when trading begins in shares of Diageo. The disposals under discussion would not affect more than 5 per cent of profits before tax, interest and exceptional items, he said.

His comments came as GrandMet announced its last set of results before the merger, with a 1.7 per cent increase in pre-tax profits before exceptional items to £981m. The figure was depressed by the strong pound, which cut a net £58m from profits. Turnover fell 9 per cent to £8.17bn, but sales in continuing businesse

rose 5 per cent before The company took a £135m exceptional charge on the sale of businesses, of which £65m was in respect of goodwill previously written off to reserves. These included £54m on the sale of its 50 per cent stake in the inntrepre neur Pub Company, and £39m for the Aunt Nellie's Farm Kitchens business of

Reuters

That Reuters is disgorging another £1.5bn of spare eash reflects a poverty of ambition. This is not a dead-end utility but a group well-positioned to take advantage of fast 120 growing electronic information markets. That said. having decided on cautious rather than breakneck expansion, Reuters is right to give shareholders the money. Apart from anything else, the move will cut its cost of capital. Reuters has also given the lie to the theory that big



corporation tax regime takes effect in 1999. Its scheme creating a new Reuters to buy the old Reuters with a mixture of cash and shares - could be adopted by any

Reed/Wolters

Reed Elsevier, which is planning to merge with rival publisher Wolters Kluwer, looks an increasingly bedrag gled bride. Based on yesterday's trading statement, Reed will be lucky to produce flat profits for 1997, even before £200m or so of exceptional costs to sort out the debacle at its travel division.

Since these problems came to light just before the merger was sealed, there is no reason for renegotiating the terms. But the fact that Reed's shares have jumped 17 per cent since the deal was announced, while Wolters Kluwer's have risen just 4 per cent, confirms the initial impression that Kluwer's shareholders have got the short end of the stick.

Reed Elsevier gives provisions warning

Reed Elsevier, the media and electronic publishing group, yesterday set out the timetable for its £20bn (\$33.4bn) merger with Wolters Kluwer, with details to be issued on March 27. Shareholders from the three companies will vote on the proposals a month later.

The Angle-Dutch company, which updated shareholders with a trading statement warned of "substantial

esults. These would mostly relate to Reed Travel, the travel directories division which in September reported irregularities in its circula tion figures.

assets have led analysts to expect exceptional provisions of about £200m

Mark Armour, financial officer, said trading in the rest of the group was in line

its Pillsbury food division. Italian defence with a strong French accent

Andrew Edgecliffe-Johnson and David Owen on the future of the GEC Alsthom alliance

Anglo-French power and transport group, GEC Alsthom, has been settled by what Lord Simpson, GEC's managing director, describes as "the Italian

defence". The allusion is to football rather than military electronics and describes the "man-to-man marking" by which GEC and Alcatel, the joint venture's parents, have fixed on a flotation expected to value the business at

about £4bn (\$6.7bn). The notion of the two companies ending up with equal stakes, equal board representation and equal rights in the new company was not originally on the cards. GEC wanted to demerge its stake to its shareholders, while Alcatel is understood to have considered a public offering for part of its stake. That solution would have meant turning the Dutchregistered joint venture into a UK-based company - an outcome that Alcatel would have been unlikely to allow without securing conces-

Nor would GEC's shareholders have had a block against the intentions of Alcatel, which would have retained a dominant stake in GEC Alsthorn. The French company, meanwhile, saw tax problems in a demerger.

The solution has distinct Anglo-Saxon elements, but some analysts suspect Alsthom (which will drop GEC's name once it becomes independent) will be a very French company.

Following a flotation within the first six months of 1998, Alsthom will be regpany, and apply for listings rationale has faded and the over yet.

The future of the in Paris, London and New Anglo-French power York. Its president and chief executive is expected to be a Frenchman, Pierre Bilger.

Both parents will retain 24 per cent stakes, which they have agreed to hold for at least a year. GEC would not say what its plans are after that date, but it is not expected to be a long-term holder. Lord Simpson said the timing of the Alsthom flotation

was apposite, given the strong interim results GEC announced yesterday. Analysts were less sure, and their estimates of its value range from £3.5bn to £4.9bn. Analysts pointed out that GEC Alsthom's five divisions had had mixed fortunes. The largest, power generation. faces intense competition from larger rivals. Like-forlike sales fell 2 per cent because of slower turbine

were 17 per cent down. Mark Davies-Jones of Salomon Brothers warned that Aisthom's valuation might be depressed by the global overcapacity in the power generation market and the fact that Alsthom's rivals in transport equipment were having a tougher time.

deliveries; after translation

into sterling reported sales

One drawback of the flotation, he added, was that the new Alsthom would effectively be bid-proof, at least until GEC decided what to Mr Tchuruk said. do with its 24 per cent stake, and that the stake could overhang the market.

 Few analysts quibble with a defensive move to find new customers as privatisation holder. istered as a Franch com- took hold in the UK. That

flotation is a key step in getting away from the joint-ven-ture culture of Lord Simpson's predecessor, Lord Weinstock.

For Alcatel the planned initial public offering will mark a further important step in a reshaping first outlined by Serge Tchuruk, chairman, more than a year ago. This will see the French group refocus on its core telecommunications business while retaining important interests in transport.

energy and defence. In Paris, Mr Tchuruk indicated that he saw an advantage in maintaining a presence in two sectors his group knew well and in acting as "an intelligent shareholder".

He said GEC Alsthom had been "imprisoned" by the need to consult its two shareholders for strategic decisions and a flotation would allow it to "take its destiny in hand". This will entail some change to its capital structure, probably through an "extraordinary dividend" to the parent companies from cash reserves sceeding £1bn.

Significantly, Mr Tchuruk also said Alcatel had been blocked from bringing assets, which include 44 per cent of Framatome, the nuclear engineering group. Attempts to merge Framatome and GEC Als-

thom collapsed in April. Yesterday's GEC Alsthom unblocking" of this problem, Many observers suspect French authorities see the flotation as a prelude to com-

bining Framatome and GEC the strategic benefits for Alsthom. Analysis believe GEC or Alcatel. From GEC's any such efforts will conpoint of view, the joint venture's formation in 1989 was from GEC - as long as it remains an Alsthom share-The Italian defence is not

GEC £300m share buy-back

shareholders by buying back its own shares, ble if GEC did not find acquisitions that lifting their value writes Andrew Edgecliffe-

Although GEC took authority for a buyfinance director, said the scale of the move was determined by the company's advance corporation tax position and foreign divi-

GEC is to return £300m (\$501m) of cash to director, said further buy-backs were possiwere more attractive.

The buy-back was unveiled alongside pretax profits of £442m for the six months to back of up to 400m shares, costing £1.6bn. September 30, compared to £261m last time. at its last annual meeting, John Mayo, The company said the figure represented an underlying rise of 5 per cent when last year's £50m charge from exceptional disposal losses was excluded, and came despite dend income. Lord Simpson, managing a £24m blow from currency movements.



HANSON PLC

SECOND INTERIM UNAUDITED RESULTS FOR THE 12 MONTHS ENDED SEPTEMBER 30, 1997 3 MONTHS OPERATING PROFIT UP 21%

- Due to the change in Hanson's accounting reference date to December 31 the company is required to report the results for the 12 months ended September 30, 1997 (the old accounting reference date) as a second interim. Shareholders should expect to receive in March 1998 the report and accounts covering the 15 month period to December 31, 1997.
- The figures for the 12 months ended September 30, 1997 include a pre-demerger contribution from The Energy Group PLC. The 1996 figures include profit from demerged companies and on disposals. The 1996 interest charge reflects the higher debt

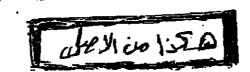
level of the pre-demerged company. **Current trading and outlook**

- Hanson PLC is a leading international building materials company, with operations in the UK, Europe and the USA. Operating profit for the three months to September 30, 1997 increased to £97.3 million (£73.3mn). The underlying profit increase was 21% after taking into account about £7 million of reorganisation expenses charged in the previous year. Pre-tax
- In the US construction activity remains strong. The outlook for Cornerstone, Hanson's largest business, is encouraging, with the US Government's commitment to infrastructure spending likely to be very helpful. In the UK expenditure on roads remains curtailed by the Government, but prospects for housing and commercial building are reasonable. Conditions remain challenging in Continental Europe with no immediate improvement foreseen in this rather quiet market.

	3 monti Sept 30, 1997	ns ended Oct 1, 1996	12 monti Sept 30, 1997	s ended Oct 1, 1996
	£mn .	£mn	£mn	£mn
Sales turnover				
Continuing	730.0	687.1	2, 44 5.6	2,348.8
Discontinued	<u> </u>	2,589.2	2,188.2	10,135.6
	730.0	3,276.3	4,633.8	12,484.4
Operating profit - continuing	97.3	73.3	255.1	217.6
Associated undertakings	7.9	10.2	1.81	25.4
Discontinued operations	-	306.1	2 44 .7	1,283.7
Central expenses				
less property and other income	(3.7)	10.6	5.9	(6.0)
Interest expense	(8.8)	(75.0)	(94.6)	(329.5)
Exceptional items	(9.4)	1.5	(58.5)	609.2
Profit on ordinary activities before tax	83.3	326.7	370.7	1,805.8
Taxation	(15.8)	159.9	(67.3)	(387.2)
Profit available for appropriation	67.5	486.6	303.4	1,418.6
Dividends				
- Cash	-	(156.1)	(78.1)	(623.6)
- Demerger Energy	-	-	(3,303.2)	-
- Demerger Millennium & Imperial	-	(1.188)	•	(831.1)
•	67.5	(500.6)	(3,077.9)	(36.1)
Earnings per ordinary share	الورد الواحد الواحد التاريخ			
Undiluted	10. 4 p	75.0p	46.6p	· 218.6p
Undiluted before exceptional	11.8p	45,5p	55.6p	151.5p

Note: Cash dividends for 1997 relate to dividends of 8p and 4p per ordinary share (adjusted for share consolidation) paid on January 10, 1997 and October 24, 1997 respectively.

> SHAREHOLDER ENQUIRIES TO HANSON PLC. I GROSVENOR PLACE, LONDON SWIX 7JH TELEPHONE NUMBER: 0171-245 1245



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Reuters

MANAGEMENT

Watching how different types of people use goods and services can supply useful information, says Alison Smith

Shoppers under the microscope

nience store: "cappuccino devotees" stride confidently towards the coffee dispenser, while "clandestine consumers" consider a range of snacks after choosing their from the distant to the intimate.

main purchase, and "explicit For some projects, studying foottreaters" wander in search of something to satisfy a vague desire before selecting the familiar comfort of a chocolate bar.

Clearly, researchers wanting to understand more about consumer habits would learn little about these shoppers merely by analysing how often people visited the store. But by using a technique called observational research watching how different types of people use goods and services - a fuller picture can be obtained.

By watching what happened in the convenience store, E-Lab, a Chicago-based research consultancy, was able to advise PepsiCo, the international food and soft drinks group, on where and how to position its products in order to get higher sales.

Observing how people behave in different surroundings or how they handle pieces of equipment is valuable in helping a company future needs that consumers have not yet recognised.

Observational research ranges age of people browsing in a shopping mall or negotiating their way through an airport can be

Observing how people behave is valuable in helping a company meet a specified aim .

appropriate. For others, researchers spend time with subjects as they use the product at home or

"It's a matter of trying to get under the skin of real people," says Tim Brown, European director of Ideo, a product development company. For example, watching a travel agent set up a conference call by arranging a speaker phone for each person and putting the handsets

entering a new market, and in equated one phone with one perdeveloping products to meet son - an insight ideo used in its advice on phone software to AT&T, the US telecoms operator.

Finding the right people to watch is critical for techniques that involve observation of a few individuals or households. In contrast to conventional market research, where consumers are chosen because they fit squarely in the middle of particular categories, consumers picked for shadowing are intended, as Mr Brown says, to "hit the edges".

This might involve selecting people who are "early adapters" to new technology, and those most resistant to it; or people using the product in an unusual in the UK the process can still

be informal, while in the US selection is itself a business. "We use an outside agency - which mainly handles focus groups - to screen and recruit participants." says Liz Sanders, head of research at Fitch, the design consultancy, in Ohio. One factor driving the growth

of observational research is technology. Advances in photography computer should be more



Watching brief: Observational research "is about trying to get under the skin of real people", according to one practit

and video recording make it easier to obtain and analyse the observations, increasing the research's value. Secondly, technology is itself an area where consumers may not be wellplaced to articulate needs that could be met by a new generation of computers, telephones or other

Fitch used observational research when it was advising Compaq, the computer company, on the design of the Presario personal computer. "By working with consumers in their homes. we came to the realisation that a

friendly for home use," says John Fillingham, director of policy research at Fitch in the UK. "For example, the Presario's features include a compact disc rack and a great pair of speakers - it looks more like a consumer product." He adds, however, that while observation shows researchers what people do, it does not tell them why. "A combination of

an ability to cross-check." Dorothy Leonard, writing in the current issue of the Harvard Business Review, identifies five

observation and what consumers

needs that consumers have not yet articulated, they are: the triggers that prompt people to use a product or service; how the product relates to the consumer's environment; how consumers customise the product (and so how manufacturers can make those modifications for them); and the intangible qualities con-

say about what they do gives you Some consultants believe observational techniques can contribute even in the area of brand identity, provided the observations are evaluated prop-

sumers value in the product.

from observation. Apart from whether packaging is convenient to open or whether a software programme is easy to use.
"Every kind of behaviour has a

particular framework and the ory," says Rick Robinson of E-Lab. "It's a matter of finding the meaningful pattern."

Steelcase, the US office furni ture company, wanted to shift from being rooted in manufacturing excellence to being based on understanding work processes. Observational research helped it develop the new identity, and design its showrooms to encourage customers to buy on the basis of that understanding.

Reed Elseviergi rovisions warm

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Strate Company

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former general manager of A former general management Nestile's, US operations and an Oxford University academic have poured cold water on one of today's most pervasive management panaceas: the idea that copying "best practice" is a path to corporate excellence. Augustus van Nievelt,

president of VN International in the US, and Leslie Willcocks, a management academic from Templeton College, Oxford, base their conclusion on data from 300 companies going back more than 10 years. "Best practice can be extremely dangerous," they argue. It is, they say, like telling the worst students in a class to imitate the study habits of the best. "Such an experiment is likely to have a disastrous effect on the unfortunate laggards who need assistance at a much more basic level.'

Best practice, business process re-engineering, total quality

When difference is the best policy management, and benchmarking Research shows that techniques once thought to lead to mainframes that were its strength. IBM reacted as if it was are all management techniques corporate excellence have pitfalls, reports Alan Cane

that attempt to combine information technology with corporate reorganisation aimed at improving efficiency and competitiveness. They have enjoyed fitful popularity since the 1980s. None of them, however, has proved consistently successful and the question of how best to invest in information technology for competitive advantage remains

manswered. Messrs van Nievelt and Willcocks are scornful of consultants who advocate such techniques in spite of scant evidence of their appropriateness and efficacy in specific circumstances. "They [the techniques] are rarely assesse

against what our research has found to be a key measure of performance: relative customer satisfaction – that is, customer ratings comparing the company with its major competitors." Only limited improvements in

performance can be expected from reducing complexity without investing in IT, they say. "But providing a highly complex organisation with significant investments in IT is predicted to lead to major economic damage."

The research is based on data Mr van Nievelt has collected since 1983 with a view to

identifying the significant variables that govern a business's organisational performance. He calls it benchmarking organisational

Messrs van Nievelt and Willcocks' most important finding is that companies that are falling behind their principal competitors should not try to improve on a broad front, but focus on unique attributes that will shift them into a market niche or help them leapfrog the

performance.

competition

A market leader that improves its product or service would

expect to gain a bigger share of a more profitable market. When a market laggard improves its offering, however, product differentiation decreases as it catches up and the resulting price war will chiefly hurt the company with the smaller

market share. International Busine Machines, the world's largest computer manufacturer. provides an example. In the late 1980s and early 1990s, IBM's leading position in the computer industry began to slip as networks of personal computers found favour over the traditional

still the unchallenged market leader, embarking on an aggressive campaign of corporate decentralisation, restructuring the business into autonomous units in an attempt to cut costs and remove layers of

With hindsight, it was the

wrong move. Mr van Nievelt and Mr Willcocks point out: "Across the board corporate decentralisation is likely to have rather mixed results, since mpowering businesses that are in a less than favourable competitive position is predicted to lead to severe performance deterioration.

And IBM's performance deteriorated. Louis Gerstner.

who became IBM's chief executive in 1993, took an opposite line, spending his first six months finding out what customers wanted. Product improvements followed, and today IBM is reckoned to be well on the way to recovery. This "back-to-basics" approach is applauded by Messrs van Nievelt and Willcocks who quote Jack Welch, of the US GEC group, who told his business unit managers: "Be number one or number two in your market or get out."

Mr van Nievelt and Mr Willcocks say: "The significance of this brilliant but hard to copy strategy has not always been fully appreciated."

Benchmarking Organisational and IT Performance, Augustus van Nievelt and Leslic Willcocks. £65. Templeton College, Oxford,

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and Temple Court, 11 Queen Victoria Street, London EC4.

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NOTICES

IN THE HIGH COURT OF JUSTICE. CHANCERY DIVISION COMPANIES COURT

N THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Pesuion was practiced to Her Majority's High Court of Judice. Chancery Division on 18th November 1997 for the confirmation of the reduction of share capital of the above named Company from £201,000,000 to £253,000,000.

AND NOTICE is further given that the said Pesitions is directed to be beand before the Registrar of the Companies Court at the Royal Courts of Justice, Strand, Lendon WC2A 21.1 on Wednesday the 17th day of December 1997.

Any Creditor or Shareholder of the said Company desiring to oppose the musing of an Order for the continuation of the said reduction of share capital should appear at the time of the hearing in person or by Compact for that purpose.

A copy of the said Petition will be furnished to any person respanses the same by the understantioned Solicitors on payment of the Regulated Charge for the same.

Ref: KO Solicitors to the Company

IN THE HIGH COURT OF JUSTICE

IN THE MATTER OF

• 2000 -IN THE MAITER OF THE

COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the

CHANCERY DIVISION COMPANIES COURT

No. 005255 of 1997

Dated the 5th day of December 1997 CLIFFORD CHANCE

(Reference MSF

CONTRACTS & TENDERS

Società Italiana per Il Gas

SALE OF THE SUBSIDIARY COMPANY "SOCIETÀ FUNIVIARIA ALTO TIRRENO p.A."

The Società Italiana per il Gas p.A. (ITALGAS), a company of the ENI, based in Turin, Via XX Settembre, 41, Turin Company Registry no. 52/1883, share capital ITL 696,781,312,000, intends to receive and evaluate purchase offers, made by single entities, in respect of 100% of the share capital of:

SOCIETÀ FUNIVIARIA ALTO TIRRIENO PER AZIONI

The Società Funiviaria Alto Tirreno p.A., based in Savona, Savona Company Registry no. 9072, share capital ITL 11,000,000,000 (eleven billion) wholly paid-up, carries out the railyard activities of unloading, transporting, storing and reloading of dry bulk goods through a railway concession granted in respect of the cableway system and an unloading concession granted in respect of the maritime area owned by the State. The unloading operations are carried out by four grab cranes with a maximum capacity of approximately 15,000 tonnes per day. The unloaded material is first conveyed through belts to specific silos located along the dock and then transported to the storeyard of Cairo Montenotte (Sv) via two cableway lines. These lines, both automated, connect the harbour of Savona with Cairo Montenotte covering a distance of approximately 18 kilometres with a maximum difference in height of 520 metres. The cableway has a maximum weight load capacity of 400 tonnes per hour (200 tonnes per line). The area of Cairo Montenotte is served by an 18-kilometre railway and covers a total area of 29 hectares - of which 8 are owned by ITALGAS and currently also for sale - which allow a deposit of over 600,000 tonnes of dry bulk goods.

The forwarding operations to final destinations take place, with a maximum reloading capacity of approximately 10,000 tonnes per day, through motor vehicles and railway wagons with direct connection to the State railway station of S. Giuseppe (Sv).

The total workforce of the Company as at 30th June 1997 was 248 employees. ITALGAS have appointed KPMG Consulting S.p.A. - Corporate Finance to act as consultants for the current sale transaction. Any interested parties may communicate their intention to submit offers and request further information, also via fax, to:

KPMG Consulting S.p.A. - Corporate Finance Via Vittor Pisani, 25 - 20124 Milan (Italy) F.a.of: Dott, Stefano Tanzi - Tel. 039 - 2 - 67643610 - Fax. 039 - 2 - 67643603 F.a.of: Dott. Enrico Amo - Tel. 039 - 11 - 836036 - Fax. 039 - 11 - 8178342

An information document, specially prepared for the purpose, will be sent to those who, in the opinion of ITALGAS, are considered suitable for admission to the sale procedure and who have subscribed and returned to KPMG Consulting S.p.A. within the deadline of 31st January, 1998, a document whereby they commit themselves to confidentiality, accept the terms and conditions of the sale procedure, and provide a description of their activities and the reasons for the present investment. All intermediaries will be requested to reveal the identity of the persons whom they represent.

The present advertisement represents an invitation to make offers and it is neither a public placing ex Civil Code Art. no. 1336, nor a request for public savings as stated in Art. 1/18, Law no. 216/1974 and its subsequent amendments and integrations. The present advertisement and the receipt of eventual offers do not result in any obligation or commitment by ITALGAS to sell to prospective purchasers, nor does it give the latter any right to any title against ITALGAS including the payment of brokerage commissions and/or possible consultancy

The text of the original advertisement in Italian will prevail over any other text published in a foreign language in any foreign daily newspaper. The present advertisement and the sale procedure are subject to Italian law.



For Sale SAWMILL IN BALTIC STATES

The sawmill has been developed on a "greenfield" site over the last 3 years, and incorporates a very high degree of current sawmilling technology coupled with top quality construction standards.

The sawline utilises circular saws and has a capacity of the order of 60,000m3 of sawn timber per annum. The sawmill also has a current kilning capacity of 30,000m' per annum which can easily be expanded to utilise the spare capacity of the existing waste fire boiler plant of 3.5 MW capacity.

The sawmill is built on a 24 hectare freehold site, which is located within easy reach of ports where both sawn timber and residues are exported.

As well as the sawmill itself, the company has its own fleet of transport equipment for all products and by-products, some reprocessing facilities and an efficient, proven local workforce and management team.

manufacturing and production of sawn timber into finished products, ie furniture, glue-wood and numerous other wood products. The principles wish to dispose of this business due to their

There is ample room for expansion on site for

need to concentrate on the continued growth of their core

Interested parties should contact:

Group Chairman, Box B5603, Financial Times, One Southwark Bridge, London SE1 9HL

LACE CURTAIN Coopers &Lybrand MANUFACTURER John B. Wallby

The Joint Administrative Receivers, Mark Shires and Bob Boiley, offer for sale the business and assets of this long established loce curtain manufacturer based in the East Midlands.

- Principal features of the business include: established customer base and distribution network
- turnover c£3m
- extensive range of high quality products computerised "Korl Mayer" knitting machines
- For further information, please contact Graham Wallotf of Coopers & Lybrand, Cumberland House, 35 Park Row,

Nottingham NG1 6FY, Tel: 0115 908 2331, Fax: 0115 941 0192.

Coopers & Lybrand is authorised by the Institute of Characted A

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PUBLIC NOTICES

GOVERNMENT PURCHASING ACENCY STRATEGIC AND FINANCIAL MANAGEMENT REVIEW versiment Purchasting Agency, on behalf of its Cliura the Department of Education for in Ireland (DENT), suches to coggage committees to carry out a review of the strategy; and il management armagements in respect of the five Februaries and Library Bostola in a tectory.

A briefing in relating to the project will be given at 2.00 pm on Tuesday in December 1997 a Rathynel House, Bangor. Companyes washing to strend should counter Michole Thouland Tel. (81247) 279219 no later than 5.00 pm on 15 December 1997. Places are limited to a manifestant of two per company.

Appears in the Financial Times every Tuesday, Friday and Saturday. For further information, or to advertise in this section, please contact Melanie Miles on

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NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice I Chancery Devision dated 19th Nervember 1997 confirming the reduction of capital of the above natured Company from £16,370,000 to £2,214,286 and the Minuse approved by the Court showing with respect to the capital as aftered the several particulars required by the above mensioned Act were registered by the Registers of Companies on 21st November 1997. DATED this 2nd day of December 1997

Wilde Sapte 1, Floor Place London EC4M 7WSW Ref: RCP08345X/CC180165.02

BUSINESSES FOR SALE

INTERNATIONAL CAPITAL MARKETS

US long bond yield tests 6%

GOVERNMENT BONDS By John Labate in New York and Vincent Boland

Government bond markets powered to new highs yester- and Japanese markets. day after the US long bond years. In Europe, the bullish mood was reinforced after German and UK interest rates were left unchanged.

Renewed buying of US TREASURIES from domestic and overseas investors sent the long bond yield briefly below 6 per cent, its lowest since January 1996. By midday the 30-year bond had final week in November. The fallen from its earlier levels, gaining & to 101%, yielding

The 10-year note rose i to 102%, yielding 5.817 per cent,

higher at 99%, yielding the weekly reports and it rise in Bunds recently, leavexchange, is cutting its fees 5.692 per cent. The Pederal focused on bigger issues," ing the market well supsharply to attract more Funds rate, the benchmark said Stan Shipley, senior ported at current levels. short-term rate, was 5.56 per economist at Merrill Lynch. "To our mind the cent. Short-term issues were In a separate report, non- haven bond market is the said to have benefited from farm business productivity Bund market, not the Trea- and Options Exchange, more stability in the Korean for the third-quarter was sury market. Bunds are in

"We think we'll break David Ging, market stratereleased today.

Analysts were surprised by a morning report on initial jobless claims for the report showed claims down 3.000 to 303.000, a change that normally would be a bearish indicator for bonds.

"The market has somewhile the two-year note was what decoupled itself from

GERMAN BUNDS outperyield fell below 6 per cent for through 6 per cent more formed in Europe, with the the Bank of England's decitive first time in nearly two decisively tomorrow," said March future settling sion to leave interest rates 0.27 higher at 103.79, while gist at Donaldson, Lufkin & the December future settled Jenrette. This week's most 0.19 higher at 104.43. The important economic statis. Bundesbank left its interest tic. the unemployment rates unchanged, with the adding that it was looking to report for November, will be next move on that front now expected in the first quarter for clues on UK inflation.

> David Knott, core Europe specialist at Deutsche Morgan Grenfell, said the mar- be erring on the downside. If ket had seen steady buying that happens, gilts start to of Bunds in the last couple of weeks at the expense of US Treasuries, and domestic HSBC Markets.

"To our mind the safe tition with the London Inter-

shown to be up 4.1 per cent. good shape." he said. UK GILTS were buoyed by

> unchanged. The March future settled 1/2 higher at 1201. Analysts said the Bank's decision made sense, Christmas spending patterns

> "With the strength of sterling, it has to seem reasonable that inflation may again look very attractive," said Don Smith, gilt specialist at

German investors had been • Deutsche Terminbörse, caught napping by the sharp the German derivatives

market reform by Germany national Financial Futures writes Andrew Fisher in Frankfurt By Andrew Fisher

From next January, the DTB will no longer charge up-front admission fees and annual membership fees for trading. Jörg Franke, the exchange's general manager, participants would be DM34,000 or DM17,000 for market makers.

New members would no longer have to pay an initial DM102,000 to trade on the DTB, while the admission fee for clearing memberships would be halved to DM100,000. The yearly fee for clearing members would be cut from DM66,000 to

of Bund issues. The ministry said the govroment's standing in capital markets would be reinforced by the greater size of debt tranches and regularity of issues in differing maturities. This was especially important ahead of the unified euro capital market resulting from Emu. Special funds would also

Further

in Frankfurt

bank.

Further moves to streamline

Germany's capital market

ahead of European mone-

tary union have been

ministry and the Bundes-

From next year, all bor-rowing by special funds -

such as those set up to meet

railway debt or unification

costs - will be included

under the overall federal

debt (Bund) heading. This is

aimed at improving liquid-

ity by increasing the volume

unced by the finance

benefit from the government's favourable borrowing terms. Until now, their debt issues have been made separately, though guaranteed by the government. Also agreed by the ministry and the Bundesbank was

the scrapping of the federal bond consortium, which has lost significance. Future basis, with a new "federal loan bidding group" responsible for placing government debt ranging from shortterm issues to 10-year and 30-year Bunds.

The consortium, comprising about 100 banks and dating back 130 years, has lately accounted for less than 10 per cent of federal debt issuance, the rest being sold by tender or directly into the market.

CAPITAL MARKETS NEWS DIGEST

IMF says Hanoi should delay issue

The International Monetary Fund yesterday said Vietnam should not make its planned debut on the international capital markets until it had pushed through a series of urgent economic reforms. Vietnam has been working on a eurobond issue of between \$100m and \$150m, which bankers had hoped might follow the issue of Brady bonds part of the country's imminent London Club debt resched

uling deal – in late January. However Erik Offerdal, the IMF's resident representative in Vietnam, said the country "should wait until they have taken significant steps forward on their reform agenda".

Hanoi's economic reforms have ground to a halt, with the communist leadership divided over the overhaul of state-owned enterprises, tariff cuts and reform of the debtridden financial sector. The IMF and World Bank say Hanoi must move on these issues quickly if it is to maintain economic growth and avoid fiscal shocks resulting from regional economic problems.

Vietnam's central bank yesterday confirmed that its commercial arrears of \$851m would be rescheduled in less than two weeks. While that in theory improves Vietnam's sovereign debt profile, bankers say prospects for foreign bank syndications and commercial lending are still clouded by a significant trade deficit, foreign exchange reserves of only \$2bn, and a current account deficit of more than 10 per cent of gross domestic product.

Jeremy Grant, Hanoi

falls 2

M HOHEY RATES

■ SECURITISATION

INTERNATIONAL BONDS

Asian paper group to raise \$200m

Asia Pulp and Paper, part of Indonesia's Sinar Mas group, is planning to raise \$200m through an innovative loan facility that will involve the securitisation of its future dollar receipts from the international sale of its paper products, said bankers.

Although the concept of mortgage-backed securities is familiar to investors in Hong Kong and other Asian bor-rowers in the service sector have used securitisation of receivables to raise money, this is believed to be the first time an industrial company will have employed this approach

Bank of America and Daiwa Bank, which are to lead the seven-year loan facility, declined to give details yesterday. but bankers said it was likely to involve the creation of a trust company that would sell products manufactured by Asia Pulp and Paper, with the proceeds going to service the debt. The securitisation process is applicable to pulp and paper because it is an internationally-traded commodity that is priced in dollars.

The revenues of the trust will be used to back the issue of medium-term notes to investors in the securities market, whose main risk will be that the company continues to make and sell pulp and paper, whatever happens in future to its balance sheet.

Peter Montagnon, Hong Kong

New borrowers fill supply gap

INTERNATIONAL BONDS

By Edward Luce

It was almost like old times thing approaching a genuine With \$2.4bn in new issues, the primary market was at its busiest since the crisis in

late October. In one respect, however, the market bore no relation to its pre-October bull phase. "We're seeing a lot of new borrowers filling in the recent gap in supply," said one official in London. "But they're coming at pretty generous prices and they're preparing the ground very carefully beforehand."

TELEFONICA, Spain's pri-

was top of the list with its inaugural eurobond issue, a \$500m offering.

The five-year bond, underwritten by J.P. Morgan and in the eurobond market yes- Salomon Brothers, was terday, with investors some priced to yield 54 basis points over Treasuries and narrowed by at least 1 basis point after launch. "This was priced to succeed, but then we're still in an unpredictable market," said one

> A \$300m offering from Germany's DSL BANK prompted similar views. The issue, seen as the first serious fixed-rate dollar deal by a bank since the market crisis, was priced to yield 27 basis points over five-year Treasuries, compared with a spread of 11 basis points on DSL's last five-year dollar

Borrower	Amount	Coupen	Price	Materity	Fees	Spread to	Book-runner
E US DOLLARS		, Por		2000	es species.		
Telefonica Europe	500	6.37500	99.73R	Jan 2003	0.275R	+54/5%Nov02	JP Morgan/Salomon
Baden-Württemberg L-Fin	500	6.00	99,596R	Dec 2002		+26(54/Nov02)	CSFB/Men'ii Lynch
Cadeet	500	(a)	99.964R				Deutsche Morgan Gr
DSL Bank	300	6.00	99,35R	Jan 2003	0,25R		Nomura/SBC Warbur
Dominion Capital Trust (b)	250 250	7.83(s)#	100.00 99,66R	Dec 2027 Jun 2004	1.00 0.10R	+177(59676-27)	Morgan Starley DN/ Nomura/UBS
CCCIF(c); Ambroveneto Inti Benkidit	230 100	(c1) (d1)	99.275R	Jan 2008	1.00R		Barcinya/UBS
	A 44 5 1 1 1				(* * 1	,	
	5 . 4 . 1 .		3		رانا بينون	Acres de la company	DO 8
World Bankle)	100	(e1)	101,625	Dec 2002	mosca	,	DG Bank
# SWISS FRANCS			د در این	Section Reserve	9.00	de de la Co	and Commence
BGB Finance (Ireland)	200	3.00	101.30	Jan 2003.	200	-	CSFB/UBS
JP Morgan & Coff)	200	2.00	98,60	Dec 2001	1.75		SBCWDR/UBS
IN MALIAN LINE			1,1,51111				
Hellenic Republicial	200bn	(g1)	100.00	Dec 2004	undlaci		(g2)
Abbey Nati Tray Services	1500n	(h)	99.50R	Jan 2010	0.50R	-	BNL/CSFB

Final terms, non-callable unless stated. Yield spread (over reterent government bond) at launch supplied by lead manager. xt-histocl. ‡ Floating-rate note. #Semi-argual coupon. R: Fload re-offer price; leas shown at re-offer level. 3 3-mit Libor -12½bp, b) Callable after 10 yes at premium festing to par after 20 yes. c) Fungible with \$750m. No accrued. Puttable on 27/8/02 at per. c1) 3-mit Libor +5bp. d) \$400m launched on Wednesday was increased to \$500m. d1) 3-mit Libor +85bp. e) Callable on 30/12/86 at per. c1) 44/94. In 1st yr, then 5½%. f) Fungible with \$7600m. Pus. 2 days accrued. g) 1.5500 a launched on Tuesday was increased to 1.700 bn. Domestic deal. g1) 5.9% in 1st 3 yrs. 6.1% in yrs 4-5, then 6.35%. g2) Joint booksumers: Banca Popolare di Novara, Banco Profito, Crediop and Credito Italiano. h) 13% in 1st yr. 7½% in yrs 2-3, then 15½% -2 x 12-mit Libor. i) Long 1st coupon. s) Short 1st coupon

manage the accumulated system, issued a \$500m offer- \$400m debut on Friday. ing that tightened to about 10.5 basis points through Libor after launch. BADEN-

100.08

BOND FUTURES AND OPTIONS

100.36 99.78

ELONG TERM FRENCH BOND OPTIONS (MATIF)

IN NOTIONAL FRENCH BONED FUTURES (MATIF) FT+500,000

+0.30 +0.30 +0.30

High

100.84

100.38 99.50

100.44

99.98 99.50

Sett price Change

Open Sett price Change High

Feb Mar

Open Sett price Change

Open Sett price Change High 104.00 104.07 +0.07 104.10 103.38 103.53 +0.14 103.56

+0.21 104.50 +0.27 103.88

High

104,10 103,56

104.25 104.43 103.54 103.79

0.55 0.28 0.12

CADES, the French government agency created to \$500m offering. the ice with a lira offering last week, was planning a AMBROVENETO, the Ital- fixed-rate dollar offering in

Low Est. vol. Open int.

119,250 89,885 24,326 47,658

Est vol Open Int.

Low Est. vol Open Int.

103.92 5,340 103.33 2,474

debt of the social security ian bank which launched a the near future. exploited benign market sentiment with a \$100m add-on. Market rumours suggested WUERTTEMBERG, the Ger- that Argentina, which broke

"Everything is possible at price," said one trader Investors have built usage cash positions in the ast few weeks."	P

US CORPO	RAT	E BC	NDS					
Dec 3					Bid yleki	Day's chge yld	Mith's chge yid	Sprd v Govts
■ UILITIES								
Pac Bell NY Tel CWE	07/02 08/25 05/08	7.25 7.00 8.00	AA- A+ 688	103,8946 98,2587 106,8169	6.25 7.14 6.80	-0.02 -0.01 -0.02	+0.01 -0.03 -0.06	+0.45 +1.12 +0.98
E FINANCIALS	0.100	S. 1. C.	7 77 4	1/0.00 4/6		154		12.7
3ECC Banc One JS West	05/07 08/02 01/07	8.75 7.25 7.30	AAA A+ BBB+	116,4839 103,6979 102,8214	6.39 6.31 6.67	-0.03 -0.03 -0.03	-0.05 +0.04 -0.09	+0.57 +0.51 +1.05
i industrial	3	:	Service Service		Ş		: <u>:</u> :::::	9.50
MMX Tech Mei Mart Dayton Hud	04/99 05/02 06/21	6.25 6.75 9.70	A- AA BBB+	99.6104 102.0327 129.1960	6.55 6.21 7.12	-0.05 -0.03 -	+0.24 +0.01 -0.14	+0.81 +0.41 +1.10
AGENCIES.		171	<i>-</i> ::::::::::::::::::::::::::::::::::::	17 3.24				AMO
HLMC SLMA NMA FCB	04/07 03/00 02/18 06/06	7.14 7.50 8.95 8.95	N/A N/A N/A	107.1230 103.3259 128.3339 118.4207	6.12 5.90 6.42 6.13	-0.03 -0.03	-0.05 +0.07 -0.15 -0.05	+0.30 +0.13 +0.40 +0.31
HIGH YIELD		100	***		7.	.,	0.44	
Stone Cont NK Sti Pacalta	02/01 12/01	9.88 9.13	88-, B	101,8750 103,7500	0.00 0.00	_	Ξ	_
iew York closing.				Soun				mation.

US INTEREST RATES Treasury Bills and Bond Yields

Dec 4	Red date	Coupon	S&P Rating	Bid price	Bid	Chge ytd	Min's chge yki	Sprea V Gove
E BURO DM							. 14 1. 3 5 ,	
88	02/07	5,750	AAA	102,1200	5.45	-0.03	-0.25	
Scelin	01/07	5,750	AA	101.4300	5,54	-0.03	-0.22	+0.1
Philip Marris	03/04	5,375		98.B400	5.57	-0.03	-0.15	
ABN Array FRN	03/05	-3.525	· na	89.6817	5.41	-0.04	-0,17	
E CUBO FFR	~ 7. 7.					باغ د		
Austria	01/04	5.500	AAA	2078.101	5.17	-0.04	-0.19	+0.0
Abbey Nat	02/04	6,000	AA	103.5400	5.31	-0,01	-0.13	
Cred Fonder	02/04	9,125	A	117.E300	5.63	-0.05	-0.10	+0.4
Abbey Net PAN	09/06	4.510	n/a	101.9544	4.24	-0,03	· -0.21	
E EURO URA		٠	00 S		25		,7 (T	
EB	02/07	7.000	AAA	109.2400	5.65	-0.05	-0.35	~0.0
Abbey Nat	02/02	6.800	AA	104.8300	5.46	-0.04	-0.29	+0.1
Wait Disney	08/00	8.625	n/a	107,8400	5.42	-0.08	-0.35	+0.3
Abbey Net FRN	03/07	8,000	AAr	104,3595	6.77	-0,06	-0.73	+1.0
E ERIOE			5-1/4 /	1 Sec. 19	. , ,		A	4. i.
EIB	12/07	7.625	AAA	106,4000	6.72	-0.05	-0.17	+0.2
Drescher Bk	12/07	7.750		103,7533	7.21	-0.03	-0.09	
RBS	01/07	8.375		106,4807	7.37	-0.03	-0.03	+0.9
Abbey Nat FRN	02/02	7,830	AA	100.0354	6.69	-0.07	-0.02	-0.0
# EURO.S	5.11	100	10	ومعتربة تحتم	,			16
88	04/07	7.250	AAA	107.4860	8.17	-0.07	-0.22	+0.5
ABN Amro	06/07	7.125		104.3844	6.50	-0.08	-0.20	
Quebec	01/07	7.000	A.		6.49	-0.06	-0.18	
Citicorp FRIN	02/04	5.938	A+	99.9342	5.96	-0.05	+0.05	
B SIRO CK	100	1000	Sec. 3	4777.3		200	4.5	
Baver L-Bk	06/04	9.500	AAA	119.5834	5.88	+0.06	+0.08	
Toronto	05/04	8.500		114.2729	5.76	+0.06	+0.09	
Bet Canada	07/99	10.625		107.9988	5.24	+0.04	+0.27	
Deutsche B FRN	09/02	5.875		101.5093	5.51	+0.04	+0.11	
E FURO YEN	1111	90	E70.79			1.7		38. Ý
World Bank	03/02	5.290		117.5000	1.03	-0.05	-0.11	~,
Spain	03/02	5.750		119,5500	1.08	-0.04	-0.13	+0.0
Cred Fonder	08/02	4,750		114.4375	1.52	-0.06	-0.04	
Italy FRIN	07/98	0.594	AA	100.3690	0.29	-0.01	+0.03	
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UK BONDS															
FTSE Actua	ries G	iovt. S	ecuri	ties									ÚI	C Inc	dice
Price Indices UK Gilts	Thu Dec_4	Day's change %	Wed Dec 3	Accrued Intenest	≠dadj. ytd	-	- Low o	Coupon Dec 3	yield · Yr. ago	Medius Dec 4	п ооцро Dec 3	n yteki- Yr. ago	- High	coupon	visid —
1 Up to 5 years (19) 2 5-15 years (20)	118,97 156,79	0.18 0.25	118.76 156.41	. 1.67 1.58	10,39 11.88	5 yrs	5.61	6.68	7.21	8.73 .	6.79	7.26	6.77	6.82	7.31
3 Over 15 years (4)	188.54	0.25	188.08	0.95	14.12		6.49 8.49	6.51 6.51	7,68 7.73	6.44 6.42	6.46 6.44	7,65 - 7,69	6.53 6.53	6.56 6.55	7.55 7.55
4 Irredeemables (4) 5 All stocks (47)	230.02 149.78	0.45 0.22	228.99 149.45	1.34 1.57	14.48 11.88		6.53	6.55	7.72			7,00	9.00	0.35	7.30
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Index-Snited							Dec 4	Dec :	Yr. ag	D	Dec 4	Dec 3	Yr: ag	D	
6 Up to 5 years (2)	211.59	0.04	211,50	1.07	6.09	Up to 6 yrs	3.16	3.17	3.17		2.4	2.45	2.51		
7 Over 5 years (10)	215.84	0.03	215.78	1.47	5.76	Over 5 yrs	3.08	3.08	3.50		2.86				
8 All stocks (12)	214.32	0.03	214 <i>,2</i> 5	1.42	6.76										
Average grosa redemption	yields are a	shown above. (Coupon Bar	nds: Low: 0%	-74%; Me	Aun: 8%-10%	6; High: 1	1% and	over, † Re	st yleich y	to Year t	date.			
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T Fixed Interest Indices

					Nov 28					Dec 4	Dag 3	Dec 2	Dec 1	Nov 28	Yr ago	High"	Low*
lovt. Secs. (UK) FTSE International Impliction: 133.87 (2	100.48 Ltd 1997 1/01/94).	100.26 . All right low 50.58	100.57 In reserve In (05/01/7	100.33 nd, ' for /5). Benis	100.38 1997. Gov 100: Gov	95,11 emment emment	101.63 Securities Securities	93,31 s high since 15/10/26 a	Fixed interest completion: 127.40 of Fixed Interest 1925	132 27	132 57	122 20	122 08	193 AC	117 81	100 -4	115.32

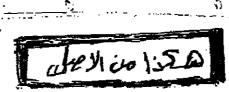
UK GILT	SF	RIC	ES													
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			•			•		Treas 11 kpc 2003-7	9.69	9.75	1213	+4	1237	1151	and (2) 3%. (b) Figures in parentheless show API bits	1) 270
								Treats 81 ₂₀₀ ; 2007 ##	7.45	6,52	113		11618	1054	indexing the 8 months prior to issue) and have been adjust	, 51 10 mar 10
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vatised telecoms company, deal in February. WORLD BOND PRICES **BENCHMARK GOVERNMENT BONDS** Red Bid Bid Dey chg Wk chg Month Yeer Date Coupon Price Yield yield yield chg yid chg yid 03/99 8.250 101.2843 8.18 -0.04 +0.05 +0.24 -1.11 10/07 10.000 127.9398 6.13 -0.04 +0.01 +0.07 -0.92 7,000 104,1800 4,49 -0,03 -0.01 -0.07 +0.69 5,825 101,0200 5,48 -0,03 -0,10 -0,18 -0,25 4,000 89,4400 4,45 +0,04 +0,08 +0,48 +0,80 7,250 112,2500 5,55 +0,01 +0,01 -0,01 -0,66 8.000 102.4100 4.71 -0.02 -0.03 -0.10 7.000 108.3800 5.86 -0.04 -0.10 -0.30 11.000 107.1090 4.23 - -9.03 -0.14 7,000 104,8500 4.32 -0.02 -0.01 -0.07 +0.84 6.750 109,9400 5.15 -0.02 -0.08 -0.16 +0.10 5.500 100,7300 6.40 -0.02 -0.09 -0.22 -0.20 6.000 101,0800 6.92 -0.08 -0.13 -0.31 -0.82 German 3.500 88.9400 4.22 -0.02 - -0.01 +0.79 6.750 108.5600 5.18 -0.04 -0.08 -0.14 -0.14 6.000 104.4300 5.39 -0.03 -0.11 -0.21 -0.28 6.500 107.4700 5.95 -0.03 -0.13 -0.28 -0.81 W NOTIONAL GERMAN BUND FUTURES (LIFTE) DM250,000 100ths of 100% 6.250 101.3000 5.18 -0.04 -0.17 -0.21 -0.87 8.000 114.8500 5.77 -0.02 -0.13 -0.31 -0.78 6.000 102.1300 5.05 -0.07 -0.08 -0.32 6.250 103.5100 5.35 -0.06 -0.10 -0.28 6.750 107.3100 5.74 -0.07 -0.16 -0.39 7.250 113.6800 6.22 -0.07 -0.21 -0.42 10350 10400 10480 09/05 03/17 01/99 8.000 105.08000 4.35 +0.01 -0.06 -0.16 -0.22 01/07 6.750 108.4100 5.55 -0.02 -0.07 -0.26 -0.82 03/99 8.500 104,4534 4.82 -0.03 -0.05 -0,24 -1.32 02/07 8.625 106.0232 5.76 -0.03 -0.09 -0.28 -1.12 III NOTIONAL GERMAN BOBL FUTURES (LIFFE) DM250,000 100ths of 100% 07/59 7.400 104.2373 4.63 -0.03 -0.06 -0.24 -1.29 03/07 7.350 111.8522 5.57 -0.06 -0.11 -0.33 -1.28 01/89 11.000 106.1100 5.20 -0.02 -0.01 +0.08 +0.30 08/07 8.000 113,1520 8.16 -0.03 -0.12 -0.25 -0.74 4.000 102,7000 4.500 107,9500 8,000 98,4373 8,99 -0.08 -0.09 40,09 8,750 100,9608 8,38 -0.04 -0.11 -0,05 7,250 105,7813 6,48 -0.03 -0.10 -0,10 8,000 119,8234 8,38 -0.03 -0.05 -0.11 07/99 5.875 100.2634 5.70 -0.07 -0.07 -0.03 +0.08 05/04 7.250 107.7560 5.79 -0.04 +0.07 -0.17 -0.09 08/07 6.125 102.4012 5.90 -0.03 -0.96 -0.15 -0.30 08/27 6.375 104.7151 6.03 -0.03 -0.08 -0.22 -0.36

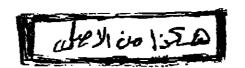
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Austria	5.4		-0.2	2 Norway	_	5.55	+0.16	-0.25
Belgium	5.5				•	5.76	+0.37	-0,04
Campda	5.5					5.67	+0.26	-0.13
Denmark	5.8					6.15	+0.76	10.35
Financi	5.5		-01	5 Switzer	lend	3.50	-1.89	-2.50
France	5.4					6.48	+1.07	+0,68
Сеппелу	5.3					5.80	-0.41	
guight.c	5.7					5.52	+0.13	-0.28
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Jepen Natherlands	1.0 5.3				closing." Maily ba		k closing	
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Dec 4	Red date	Coupn	S & P Rating	Bid price	Bid yieki	Day's chge ytd	Mith's chge yid	Spord vs US
E BURO	16.					Ç.,		
Croatia	02/02	7.000	888-	93,0240	9.02	+0.47	+0.72	+3.27
Polend	07/00	7.750	BB8-	102.9827	6.44	-0.07	-0.07	+0.73
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Argentina.	01/17	11,375	88	110.0000	10.18	-0.26	-1.49	+4.25

Dec 4	Red date	Coupn	S & P Rating	Bid price	Bid yield	chge ytd	chge yid	vs US
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Croatis Poland	02/02 07/00	7.750		93.0240 102.9827	9.02 6.44	+0.47 -0.07	+0.72 -0.07	+3.27 +0.73
Russia ELATIN	11/01 AMERIC	9.250 A	B8-	97,1616	10.15	-0.12	-0.07	+4.42
Argentina Brazil Mexico	01/17 11/01 01/07	11.375 8.875 9.875	88 88- 88	110.0000 98.7824 105.0500	10.18 9.25 9.05	-0.26 -0.05 -0.08	-1.49 +0.50 -0.47	+4.25 +3.52 +3.25
w asia					12.4			
China Philippines Thelland	07/06 10/18 04/07	7,750 8,750 7,750	888+ 86+ A-	106.0916 92.0704 91.1401	6.78 9.67 9.18	-0.02 -0.05 -0.30	-0.52 -0.55 -0.78	+0.29 +3.78 +3.39
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Labaron South Africa Turkey	07/00 12/99 05/02	9.125 9.625 10.000	88- 88+ 8	102,8750 104,5888 102,0622	7.84 7.14 9.42		-0.45 +0.03 -0.82	+2.13 +1.45 +3.67
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Argentina Brazil Mexico Venezuela	03/23 04/24 12/19 03/20	5.500 5.250 6.250 6.760	88 88- 88 8+	73.8800 71.8800 89.0000 86.5000	8.49 8.63 7.89 8.06	-0,12 -0,16 -0.05 -0,02	-0.65 -0.63 -0.15 -0.25	+2.52 +2.65 +1.96 +2.12
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lar .	Open	Sett price	Change	High	Low	Est, vol	Open a
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3 1	114.50	114,47	-	114,50	114,46	42	0
	L GOVT. BO			TIONS (LIFE			100%
trike rice	-	Mer CAL				PUTS -	<u> </u>
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1500		<u>.94</u>	1.23		1,02		1.76
1550	-	.70	1.02		1.28	- 2	2.05
at wat w	tal, Calls 27	90 Puts 273	2. Previous	day's open	int., Calla 2	5999 Puts	29737
paln							
NOTX	NAL SPAI	WISH BONI	FUTURE	S (MEFT)			
	Ореп	Sett price	Change	High	Low	Est. vol.	Open in
BC	105.12	105.60	+0.29	105.67	105.12	73,346	99,745
er	104.71	105,14	+0.39	105.18	104.71	5,609	14.011
K.							
NOTK	WAL UK G	ALT FUTUR	RES (LIFFI	520,000	32nds of	100%	
	Open	Sett price	-	High	LOW	Est. vol	Open Ir
ii Ç	119-05	119-14	+0-09	119-17	119-04	8364	46457
	119-21	120-01	+0-09	120-06	119-21 0 649-0 -4	52660	155073
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<u>س</u> ا	0-20		-30 C			1-62	16-42
2	0-07	0-25 0	-43 0				17-42
cu For s	OND FUT	INFER AJAT	nsa seri har	m 000			
					1	Pasl	<u> </u>
eĉ.	Open 99.56	Set price 99.84	+0.28	High 99,84	Low 99.52	Est. vol. 439	Open in 8.592
9C 8T	99.32	99.58	+0.28	99.50	99.32 99.32	439 25	8,595 680
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_	EASURY É	COND FUT	IRES (CA	T) \$100.00	0 32nds o	f 100%	
3- 31						Est vol	000-
: C	Open 119-18	Letest	Change +0-05	High 119–22	LOW 15	28.131	173.40
26 26	119_18	119-21 119-14	+0-04	119-22 119-16	119-15 119-08		
n	119-03	119-02	+0-02	119-03	119-02	986	15,208
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-	MAL LONG			GOVT. B	OND FUT	ures _	
			Change	High	TÓ₩.	Est, vol	Open In
	Open	Close ·	CH HE AU				
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THE RESIDENCE MAINTENANCE MAIN

CURRENCIES AND MONEY

Yen falls as Japan's gloom deepens

MARKETS REPORT

By Simon Kuper

economà Etem east Molse Tadayo Homma, executive director of the Bank of Japan, when asked if the bank was concerned about replied: "There is big anxiety (in the market) about Japan's financial system. and that may be reflected in

tem becomes sound." Japanese stocks fell yesterday, reacting to Wednesday's news that Japanese gross domestic product had shrunk 1.4 per cent in the six ing shead of Christmas.

exchange rates. Exchange

months to September. The ven dropped V0.8 vesterday to close in London at Traders said the dollar faced resistance from a large seller at Y129.50, and at the key

psychological level of Y130.

Neither the Bank of Chinese yuan The yen profited little England nor the Bundes-from the rise in the South bank nor the Swiss National Korean won, which contin- Bank raised interest rates The yen fell again yesterday ued to gain after the \$55bn yesterday. Although no as sentiment over Japan's rescue package for Korea change was thought to have arranged by the interna- heen expected, the pound fell tional Monetary Fund on slightly and short sterling Wednesday. It rose to 1,163 futures contracts rose, against the dollar, from 1,195 late on Wednesday and 1,290 the yen's recent slide, just before the package was announced. Paul Meggyesi,

senior currency economist at rates will be in trouble unless Japan's financial syshad been given IMF rescue packages. The Indonesian rupiah had fallen 10 per cent, for instance. Trading volumes are fall-

		<u> </u>
Dec 4	—L <u>sin</u> d—	Prev, close
£ spot	1.6715	1.5840
7 min	1.6693	1.5818
3 qrib	1.8643	1,5757
1 97	1.6435	1.6550

reflecting a decline in rate prospects.

The pound dropped 1.1 pfennig against the D-Mark and 0.8 cents against the dol-Deutsche Morgan Grenfell in lar to close at DM2.967 and London, said the won was \$1,676. A Confederation of not safe yet. Other Asian British Industry survey currencies had continued showing a slowing of UK falling after their countries retail sales in November undermined sterling, while ABN-Amro noted that "sterling buying related to company takeovers is abating". The June 1998 short ster-

ting contract rose 9 basis points, but still looks to be pricing in base rates of more than 7.50 per cent, up from today's 7.25 per cent level. However, Philip Shaw, chief economist at Investec ling contracts were so high, in London, said the short said Mr Shaw, was the

"Japan effect". The collapse thinks probably not. True, 829 --"That has reised the cost of interbank borrowing for half their dollar value. everyone in the market." Mr

devalued the yuan by almost 100 per cent. Will it give the crisis a new impetus by devaluing again now? sterling market was giving a false picture of how many On balance, Jim O'Neill, chief currency economist at Goldman Sachs in London,

base rate rises traders were expecting. The December 1997 contract, he noted, looked as if it were pricing in rates of nearly 7.75 per cent. Yet few traders expected such steep rises in the

8.32

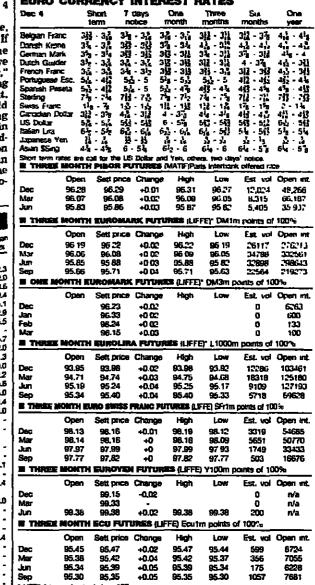
Dec. 4 S S Crack Np Sil 2539 - 58.4674 34 8347 - 34.8530 Hampary 356.409 - 335.573 200.220 - 200.270 Jan 5023.30 - 5925.69 300.010 - 300.04 Kannel 0.5068 - 0.5192 0.3043 - 0.3044 Pulmul 5-9436 - 5.8455 1.5491 - 3.8490 Russia, 895.69 - 894.41 7.9440 0. 5945.09 U.A.E. 6 1528 - 6.1563 1.6729 - 3.6730 next two months. The reason why short ster-

of the Yamaichi brokerage the yuan has lost competiand of Tokuyo bank last tiveness since most of its month, and fears for other Asian rivals devalued this Japanese banks, had raised year. As the chart by this the premium that the coun-column shows the year has try's institutions had to pay barely lallen against the dolfor three-month money. lar, while some of its neighbours have lost more than

But China has a big trade surplus and foreign exchange reserves of about ■ China helped lay the foun- \$140bn and rising. Goldman dation for the Asian cur- says the yuan is still about 4 rency crisis in 1994, when it per cent undervalued. One thing is for sure.

Goldman Sachs believes. If China does devalue the yuan, "you can kiss goodbye says Mr O'Neill. And if Hong Kong's currency peg went. then Argentina's would probably follow, sparking further devaluations in Latin America, according to Goldman Sachs. Not to mention the damage that a yuan devaluation would do to the UK and European econo-

WORLD INTEREST RATES MONEY RATES One Three month mits 3 30 **EURO CURRENCY INTEREST RATES**



* LEFFE Suburys also tracked on APT

**EUROLINA OPTIONS (LIFFE) L1000m points of 100% - CALLS -

1,50 1,26 1,02

FLEMING FLAGSHIP SERIES II Societé d'Investissement à Capital Variable European Bank & Business Centre, 6, route de Tiétes

L-2033 Senningerleng, Guand Duche of Luxemburg R.C. Luxemburg No. B 39 252

Notice of

Annual General Meeting

NOTICE is hereby given to Shareholders that the Annual General Meeting of FLEMING FLACSHIP SERIES II ("the Company") will be held at the registered office of the Company at European Bank & Business Centre, 6, tonte de Trèces, L-2633 Seminingerheig, Grand Duchy of Luxembourg on Wednesday 17 December 1997 at 3400 p.m. for the purpose of deliberation and voting upon the following angular.

I. Submission of the Report of the Board of Directors and of the

Summission of the Report in the board of prectors and of the Auditor;
 Approval of the financial statements for the year coded 31 July 1997;
 Decharge of the Directors in respect of their duties carried out for the year ended 31 July 1997;
 Election of the Directors and Auditor;
 Any Other Business.

A Shareholder entitled to attend and vote at the Meeting may appoint a prove to attend and vote on his behalf and such proceured not be a Shareholder of the Company.

Resolutions on the agenda of the Meeting will require no quorum and will be resolved by the majority of the Shareholders attending

In order to be entitled to attend the Meeting, holders of bearer shares most deposit their bearer share certificates five working that prior to the Meeting with one of the following institutions:

Kredierbank S.A. Luxembourgeoise, 43, boulevard Royal, L-2955 Luxembourg

L-2955 Listembourg

Banca Commerciale Italiana SpA, Corso di Porta Nuova 7,
1-20121 Milano

A-1010 Wien

BHF-BANK Aktiengesellschaft, Bockenheimer Landstraße 10,

D-60323 Frankfurt/Main

Banco Exterior de España, Custodin Internacional,

Via de los Poblados, E-28043 Madrid

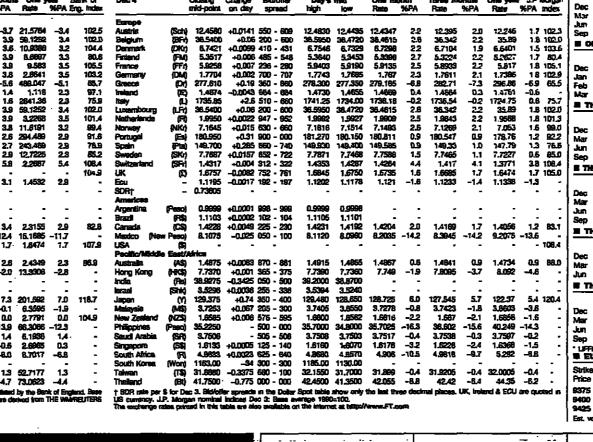
Shareholders who cannot personally attend the Meeting are requested to use the prescribed form of prox-taxailable at the registered office of the Company) and return it at least fire working days prior to the date of the Annual General Meeting to the Company, co Flenting Fund Management (Luxembourg) S.A., L-2888 Luxembourg.

FLEMINGS

By Order of The Board of Directors, November 1997

0.24 1.01 0.05 0.77 0.01 0.55

POUND SPOT FORWARD AGE Dec 4 Europe Austria. Belgium Dermark France Germany Greece yeland taly Listembourg Netharlands Norway Portugel Spain Saeden Switzeriand | Scri | 20.8752 | -0.0791 | 646 - 857 | 20.9954 | 20.8738 | 20.9415 | -3.8 | 21.0697 | -3.7 | 21.5764 | -3.4 | | Scri | 51.2283 | -0.2004 | 783 - 782 | 51.5560 | 51.1640 | 51.0163 | 42 | 60.8558 | 3.9 | 59.1252 | 3.4 | | Scri | 51.2283 | -0.0391 | 925 - 021 | 11.3609 | 11.2925 | 11.2617 | 3.8 | 11.1961 | 3.6 | 10.9388 | 3.2 | | Scri | 5.2286 | -0.037 | 522 - 259 | 9.8990 | 9.8209 | 9.8209 | 9.8209 | 4.1 | 9.8258 | 3.9 | 9.8263 | 3.9 | 5.83 | 3.5 | | Scri | 2.9655 | -0.0112 | 661 - 673 | 2.9848 | 2.9650 | 2.9669 | 3.9 | 2.8382 | 3.8 | 2.9631 | 3.5 | | Scri | 2.908.69 | -9.94 | 664 - 672 | 2.924.8 | 2.9650 | 2.9569 | 3.9 | 2.9382 | 3.8 | 2.9641 | 3.5 | | Scri | 2.908.69 | -9.94 | 664 - 672 | 2.924.8 | 2.965.3 | 2.965.3 | 3.4 | 2.967.38 | 1.6 | 2.941.36 | 2.3 | | Scri | 51.2283 | -0.004 | 783 - 782 | 61.5550 | 51.1640 | 61.0163 | 4.2 | 60.856 | 3.9 | 59.1252 | 3.5 | | Scri | 1.20052 | -0.0339 | 985 - 109 | 12.0849 | 11.8043 | 11.959 | 4.1 | 1.961 | 3.8 | 11.9191 | 3.2 | | Scri | 2.3090 | -0.0755 | 710 - 979 | 2.52200 | 2.50.390 | 2.50.322 | 2.5 | 249.154 | 2.7 | 243.469 | 2.9 | | Scri | 2.3990 | -0.0051 | 975 - 0.05 | 2.4153 | 2.3966 | 2.387 | 6.0 | 2.3643 | 5.8 | 2.2887 | 5.4 | | Scri | 2.3990 | -0.0051 | 975 - 0.05 | 2.4153 | 2.3966 | 2.387 | 6.0 | 2.3643 | 5.8 | 2.2887 | 5.4 | | Scri | 2.3990 | -0.0051 | 975 - 0.05 | 2.4153 | 2.3966 | 2.387 | 6.0 | 2.3643 | 5.8 | 2.2887 | 5.4 | | Scri | 2.3990 | -0.0051 | 975 - 0.05 | 2.4153 | 2.3966 | 2.387 | 6.0 | 2.3643 | 5.8 | 2.2887 | 5.4 | | Scri | 2.3990 | -0.0051 | 975 - 0.05 | 2.4153 | 2.3966 | 2.387 | 6.0 | 2.3643 | 5.8 | 2.2887 | 5.4 | | Scri | 2.3990 | -0.0051 | 975 - 0.05 | 2.4153 | 2.3966 | 2.387 | 6.0 | 2.3643 | 5.8 | 2.2887 | 5.4 | | Scri | 2.3990 | -0.0051 | 975 - 0.05 | 2.4153 | 2.3966 | 2.387 | 6.0 | 2.3643 | 5.8 | 2.2887 | 5.4 | | Scri | 2.3990 | -0.0051 | 975 - 0.05 | 2.4153 | 2.3966 | 2.387 | 6.0 | 2.3643 | 5.8 | 2.2887 | 5.4 | | Scri | 2.3990 | -0.0051 | 975 - 0.05 | 2.4153 | 2.3966 | 2.387 | 6.0 | 2.3643 | 5.8 | 2.2887 | 5.4 | | Scri | 2.3990 | -0.0051 1.4969 -0.0051 961 - 976 1.5048 1.4956 1.4929 32 1.4953 3.1 1.4532 2.9 (AS) 2.4926 +0.0018 910 - 942 2.5125 2.4841 2.4874 2.5 2.4766 2.8 2.4349 (-943) 12.9645 -0.0622 602 - 686 13.0342 12.9584 12.9675 -0.3 13.0299 -2.0 13.8308 (As) 65.2289 -0.8979 737 - 841 65.9740 65.1610 104.9



† Rutes for Date swenge 1990 : CLOSENG SPO The exchange i	: 100. ind 7 and FC	ex rebesed 1. FRWARD RAT	/2/05. Bld, E services	offer, cold . Some ve	spot rains Lanc are ro	and ignets unded by t	d vates in t he F.T.	oothi shifs as	Starting in ad the Dolla	jek celculai ur table ere	and by the derived in	Best of Er om THE Wi	gland. Bes MAREUTER	ś ÚS c	unency.	LP. Morga	e 3. Biblioi an nomina ad in this	indices
CROSS	RA	TES A	ום סוי	ERIVA	TIVE	S												
EXCHA								_		_	_:			_		_		_
Dec	4	BFr	DKr	_ FFr	DM	<u> </u>	<u> </u>	<u> </u>	NKr	_ <u>-</u> B	Ptas_	SKr	SFr	£	_ <u>cs</u> _		_ <u></u>	Ecu_
Belgium	(BFr)	100	18.45	16.22	4.845	1.885	4751	5,460	19.61	495.2	409.7	21.26	3,918	1.633	3.894	2.737	354.1	2,445
Denmark	(DK)	54.20	10	8.789	2.626	1.011	2575	2.959	10.63	268.4	222.0	11.52	2.124	0.885	2.110	1.483	191.9	1.325
France	(FFI)	61.66	11.38	10	2.988	1.150	2929	3.967	12.09	305.4	252.6	13.11	2.416	1,007	2.401	1.688	·218.3	1.507
Germenv	iDMi	- 2D.64	3,808	3.347	1 .	0.385	980.5	1.127	4,047	102.2	84,56	4.388	608.0	0.337	0.804	0.565	73.08	0.505
freignd	(60)	53.62	9.893	8.696	2.598	1	2547	2,927	10.51	265.5	219.7	11,40	2101	0.876	2.088	1.467	189.8	1.311
Italy	ίĽ	2,105	0.388	0.341	0.102	0.039	100	0.115	0.413	10.42	8.624	0.448	0.082	0,034	0,082	0.058	7,453	0.051
Netherlands		18.32	3.380	2.970	0.887	0.342	870.1	1	3.591	90.70	75.04	3.894	0,718	0.299	0.713	0.501	64.85	0.448
Norway	NKn	51.00	9.410	8.271	2.471	0.851	2423	2.785	10	252.6	208.9	10.84	1.998	0.833	1.988	1.396	180.6	1.247
Portugal	(Es)	20.19	3.726	3.275	0.978	0.377	969.3	1.103	3.959	100	82.73	4.293	0.791	0.330	0.788	0.553	71.50	0.494
Spein	(Pta)	24.41	4.504	3.958	1,183	0.455	1160	1,333	4.786	120.9	100.	5.190	0.956	0.399	0,950	0.668	86.42	0.597
Sweden	(SKr)	47.03	8,679	7.628	2.279	0.877	2234	2.568	9.222	232.9	192.7	10	1.843	0.768	1,831	1.287	166.5	1.150
Switzerland	(SFr)	25.52	4,709	4.139	1.237	0.476	1212	1.393	5.004	126.4	104.6	5.426	1	0.417	0.994	0.698	90.35	0.624
UK	(2)	61.23	11.30	9.930	2.967	1.142	2909	3.343	12.01	308.2	250.9	13.02	2.399	1	2,384	1.576	216.8	1,497
Canada	(CS)	25.68	4,739	4.165	1.244	0,479	1220	1.402	5.036	127.2	105.2	5.460	1.005	0.419	1	0.703	90.93	0.628
USA	(\$3)	36.54	8.742	5,026	1.770	0.881	1735	1,995	7.165	181.0	149.7	7.788	1,432	0.597	1.423	. 1	129.4	0.893
Japan	(Y)	28.24	5.211	4.580	1.368	0.527	1342	1.542	5.538	139.9	115.7	6.005	1.107	0.461	1.100	0.773	100	0.690
Ecu	-	40.91	7,548	6.634	1.982	D.763	1943	2.233	8.021	202.6	167.8	8.697	1.603	0.668	1.593	1.120	144.8	1_
Control Manager	م حسد	man Maran	ion Karrier	owi Sam	Seh Kronn	ner 10: B	elojon Fran	v Ven E	eurin Jim	and Press	per 100.							

Latest Change High 0.5646 -0.0004 0.5856 0.5674 -0.0008 0.5850 0.5714 +0.0007 S FRANC FUTURES (IMM) SF: 125,000 per SF: 0.9988 -0.0017 0.7009 0.8672 0.7059 -0.0017 0.7089 0.7046 0.7145 -0.0002 - 0.7130 12,542 2,067 4 UK INTEREST RATES LONDON MONEY RATES Over- 7 days One night notice month Three Six months months

Low

E D-MARK FUTURES (IMM) DM 125,000 per DM

Up to 1 1-3 3-6 month months 6-9 2¹2 5¹2 5 Certs of Tax dep. (2100,000) Certs of Tex dep. gr00,000 is 2³gpc. Deposits withdrawn for cash 1 kpc.

Certs of Tex dep. under \$100,000 is 2³gpc. Deposits withdrawn for cash 1 kpc.

Ave. tender rate of discount on Nov 28, 7.1500pc. ECGD fixed rate Stig. Export Phance. Mele
up day Nov 29, 1997. Agreed rate for period Dac 24, 1997 to Jan 28, 1998. Schames III 8.84pc.

Reteration pains for period Nov 1, 1997 to Nov 28, 1997, Schames IV & V 7,001pc. Phance

House Base Rate 7³gpc from Dec 1, 1997

Low Est. vol Open int. 24102 25402 16711 12422 3938 92.34 92.31 92.37 92.27 156301 124201 92.23 92.26 92.37 92.35 2005 (LIFFE) \$500,000 points of 100% Dec

EL THREE MOUTH STERLING PUTURES (LIFFE) 2500,000 points of 100%

0.16 0.05 0.08 0.28 0.01 0.12 0.01

BASE LENDING RATES Adam & Company Proposed Fleming & Co725

Sun Benking Corp Ltd 725 Allied Irish Bank (GB) 725 eGuinness Mahon 7.25 Banco Bibeo Vizcaya 7.25 Habib Bank AG Zunich 7.55 Linked Sank of Kusskt, 7.25 Bank of Cyprus Unity Trust Benk Pic 7.25 Whitegway Laidaw 7.25 et tembros Benk 7.25 Hedgible & Gen Inv Bc.7.25 C. Hoere & Co 7.25 Bank of Ireland Bank of India C. Hoare & Co Honghong & Strengton 7.25

Invested Bank (LIK) Ltd725 Members of Landon Julian Hodge Bank 7,26 Investment Banking Brit Bk of Mid East @Leopold Joseph & Strik 7.25 Citibanik NA 7.25 Lloyds Benk Mistand Benk 7.25 7.25 7.00 The Co-on kee Bank7.25 7.25 Couts & Co **GRee Brothers**

Barciava Barak

Rate Change % +/- from % apread against Ecu on day cen, rate v weakest 0.798709 0.758148 -0.000423 1906.48 1939.35 +0.78 163.826 197.103 -0.08 5.85424 5.97823 -0.00258 197.398 202.083 -0.0037 7.34555 7.53083 -0.00718 6.45863 6.82227 -0.00002 1,92573 1.97786 -0.00068 0.99 0.72 0.60 0.35 0.21 0.19 0.03 0.01 0.00 -0.00118 -0.00002 -0.00066 -0.00066 -0.0047 -0.0115 2.22689 13.9187 13.5485 295.269 310.207 -0.167 5.06 0.793103 0.665182 +0.000788 -16.13 Feb Feb 2.52 2.02 2.28 2.71 0.35 0.70 1.50 1.95 1.670 1.690 Feb 1,37 1,08 0,84 0.18 0.31 0.58 0.60 0.570 0.95 IN THREE MONTH ENRODOLLAR (MM) Sim points of 100% High Low Est, vol Open int. 94.09 +0.02 94.10 94.17 - 94.18 94.18 +0.02 94.16 94.08 94.16 63,095 403,407 76,396 458,690 70,448 368,627 94.10 IN US TREASURY BALL FUTURES (MAM) \$1m per 100% 94.94 95.08 94.94 95.09 94.94 95.09 5,362 6,368 899 +0.01 95.07 95,07 95.07 All Open Interest Stall are for previous day 0.15 0.04 0.17 0.05 0.07 0.21 9600 9825 9650 9875 0.05 0.01 0.01 D 0.43 0.43 0.67 768 Puta 362229 NS (LIFFE) SFr 1m points of 100%

0.04

0.01

JAPANESE YEN FUTURES (MM) Yan 12.5m per Yan 100

III STERLING FUTURIES (MM) 282,500 per £

Latest Change High

1.6782 -0.0040 1.6846 1.6720 -0.0028 1.6764 1.6640 -0.0032 -

EMS EUROPEAN CURRENCY UNIT RATES

0.7740 -0.0041 0.7785 0.7788 0.7853 -0.0042 0.7890 0.7845 0.7955 -0.0052 0.7955 0.7955

C

Nacional Financiera, S.N.C. US\$100,000,000 Collared floating rate notes due December 1998

The notes will bear interest at 6.25% per annum for the interest period 5 December 1997 to 5 June 1998. Interest payable on 5 June 1998 will amount to US\$157.99 per US\$5,000 note and US\$3,159.72 per US\$100,000 note.

Agent: Morgan Guaranty Trust Company **JPMorgan**

TIS \$400,000,000

BANQUE PARIBAS

Est. voi Open int

1998. Interest payable value 5 March 1998 will amount to US\$167.19 per US\$10,000 note. Agent: Morgan Guaranty Trust Company JPMorgan

Advance Bank

US\$150,000,000

Australia Limited

Floating Rate Notes 2006

The notes will bear interes at 6.6875% per annum for the interest period from

AXA-UAP Subordinated Perpetual Step-up Notes FRF 3,800,000,000 For the period from December 3, 1997 to March 3, 1996 the Notas will carry an interest rate of 6.502595 per anomal with an interest mount of US \$182.65 per US \$10,000 Note and of US \$2,055.65 per US \$100,000 Note and of US \$22,255.55 per US \$100,000 Note and of AXA-UAP ordinated Perpe Step-up Notes Agest Beaks

CREDIT COMMERCIAL
DE FRANCE
FEF 580 000 000 REVERSE
FLOATER BONDS DUE 1990
BSIN CODE : X50044141363 For the period from ecember 03, 1997 to June 03, 1993 the new rate has been fixed at 11.01119 % P.A. Next payment date: June 03, 1998 Coupen ar: 9 Amount:

FRF 553.62 for the nothination of FRF 10 000 FRF 5 536.18 for the nothination of FRF 100 000 THE PENCEPAL PAYING ACTIVIT SOCIETE GENERALE ANK & TRUST SA-LUNEMBOUR **Appointments** Advertising

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NOTICE OF CHANGE OF AGENCY ROLE To the builders, muces and gustamous of hunds, to tes and other instruments in respect or which eather Bonkers Trust Company, Pans busineh or Bunkers Trust (France) S.A. (the Banks Thurn been appointed Principal Paying Agent or in any other or manifer capacity and

NOTICE IS HEREBY CIVEN that with effect from 1st November, 1997, the banking business of Bankets Trust Coupuin, Paris branch has been contributed to Bankets Trustatematismal Pic and Bankets Trust (France) S.A. has merged with Bankets Trustatematismal Pic architecture Trust (France) S.A. has merged with Bankets Trustatematisms proviously carried out by the Banks will be palent. International PLe or that the agency functions previously carried very by the Banks we to by the Parts branch of Bankser. Trust internsticatal Ple on the same tertus, conbendits as drive currently applying to the Banks. The specified utilize and exceptionactic will now be as follows:

Renkers Trust International Pie 12-14 Rand-Pour de Champs-Elysées 75367 Para Ceden 06

Bankers Trust International Ple 5th December, 1997

Notice of Interest Rate

To the Reiders of The United Mexican States

Collateralized Floating Rate Bonds Due 2019 NOTICE IS HEREBY CIVEN that the interest rates covering the interest period

Series Designation Rate Interest Amount Payment Date
USD Discount Series D 6.79 Pet, P.A. USD 34.13 Per USD 1,000 June 3, 1998 FFF Discount Strice 4.60038 Fot P.A. FFF 116.51 Per FFF 5,000 June 3, 1968

TOSHOKU FINANCE NETHERLANDS R.V. RIDDELTON LIMITED US \$10,000,000 H3K\$1,000,808,008 Motors in harmly given that for the instruct permit from 1st Decomber, 1997 to 31st May, 1998 theth dates inclusively the interpolates him leads at 11375 per manua. Instruct periods on Jos Jane, 1998 will interest in IEEE 14,719 lift per MINI 1885 1985 Teach. A Read. ₩

Gold price drifts to fresh 12½-year low

By Kenneth Gooding, Mining Correspondent

Gold's price drifted to a fresh 1214-year low yesterday as the market considered the implications of the sale, revealed on Wednesday, by Argentina's central bank of all its gold reserves. Gold closed in London at \$289.15 an ounce, down \$3.60 from Wednesday's close.

for months by a drip feed of bank sales from every continent had been above 600 tonnes in 1989, spell disaster, the better for the rumour and conjecture about central bank gold sales, but the directive and training tion of the latest salvo was unex- completed in 1997 had been from pected as this was the first the Netherlands, with 300 tonnes outright sale from Latin America, in January, Australia with 157

"Moreover, the Argentine sale part of a more measured portfolio diversification into US Treasury bonds. The Argentine disposal total was not unprecedented, how-

said Tony Warwick-Ching, analyst tonnes in July, Argentina, with at Flemings Global Mining Group. 124 tonnes, and minor disposals from other sources. "In all, central was not a response to crisis but bank sales will have been at least 600 tonnes by the end of 1997." Mr Warwick-Ching said the

1992 and 1993. He insisted: "The injections of central bank gold. There are two windows for it. The Soviets once shipped up to 400 tonnes a year to the west but now account for little. And natural that they could buy it at a lower growth in jewellery sales now eats price before they had to deliver up another 100 to 200 tonnes of gold each year.

used to the idea that central bank \$13.55 in two trading days.

The market had been affected means we have now seen central ever, and central bank gold sales sales at a moderate rate need not gold price. Unfortunately, the

> investment funds that have been with three-month metal increased selling short - selling gold they did not own in the expectation 21/2 years. were now looking for \$284.25 an ounce, a level last reached on Feb-

a squeeze that has developed in the tin market intensified and a one point the premium for tin for Traders suggested the US immediate delivery compared to US\$145 a tonne, the widest for

Traders suggested a big Euro pean trading house was behind the squeeze, which was forcing tin global primary aluminium consumers unwilling to pay the production capacity - about "The sooner the market gets ruary 25 1985, after a price drop of premium to buy on a 16 per cent of the total hand-to-mouth basis.

Review of aluminium warns on capacity

By Kenneth Gooding.

Nearly 3m tonnes of annual would be very vulnerable in any economic downtmn, the Anthony Bird consultancy warns in its latest review of the industry's costs. By 2005 more than 6m tonnes of capacity will be uneconomic or obsolete, it suggests.

The report notes that much of this valuerable capacity is in the former eastern bloc, and says this raises questions about the long-term availability of exports from the area. which western markets have come to rely on heavily in recent years: "But even in the west, some 1.5m toones of smelter capacity is threatened in the long term." Bird says the western

countries with the highest cost smelter capacity are Germany, at \$1,359 a tonne. the US (\$1.821), and Spain (\$1,313). Companies with the the US (\$1,303), Norway's Hydro (\$1,268), and Ger-

many's VAW (\$1,240). The report says banks are nervous because of the financial turmoil in Asia. "It would be very unfortunate if they were to rein back their leading to an industry which urgently needs new investment especially now that profits are healthy enough to make

that investment pay." Bird suggests that in the western smelter was making operating profits of US\$500 a tonne and many of the newer ones were making \$650. "No-one in the west is now losing money.'

Aluminium Production

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gage Same State of

Section 19 Constitution of the Constitution of

Cuban sugar sector braced for shake-up he brigade of workers has no known expertise in 1996-97 harvest failed to that started cutting the sugar industry. Nevertheless, the sector is of 4.45m tonnes. No official the first sugar cane of braced for a shake-up. To cut harvest figure has been costs, the sugar ministry is

Cuba's 1997-98 sugar harvest near a mill west of Havana last week included one new

in green military work province of Matanzas, for fatigues and hefting the traditional short-bladed Cuban sugar cutter's machete, he looked almost like any other

However, the latest conscript was none other than albeit temporarily, is politi-Cuba's new sugar minister, cally sensitive. Cuba's comdivision general Ulises Ros- munist leadership has vowed ales del Toro. He went to the never to implement what it Habana Libre mill to rally derides as western-style ecohis new army of more than nomic "shock" policies, grouped around 156 sugar mills across the communistruled Caribbean island.

that discipline, organisation tion significantly in the and efficiency would be the new order of the day for Lage, vice-president, who Cuba's crisis-stricken sugar

impressive military record - cane in the fields as the he has seen combat in main reason. Algeria, Venezuela and of the Republic of Cuba", where between 3.8m and and since 1981 has served as 4.2m tonnes. In spite of inichief of general staff of tially upbeat official predic-Cuba's Revolutionary Armed Forces, However, the general

cracy and temporarily shut In his mid-fifties, sweating inefficient sugar mills. In the example, only 16 of its 21

mills will grind this season. Sugar mills in Cuba support whole rural communities so the proposed shutdown of some factories, involving large scale lay-offs. The laid off workers will be

found other jobs. The new measures will not The general told reporters come in time to lift produc-1997-98 sugar harvest. Carlos supervises the running of the Cuban economy, has His appointment last acknowledged that the latest month as sugar minister sur- harvest is unlikely to exceed 55-year-old soldier has an reduced availability of sugar

Foreign analysts foresee a Angola, holds the title "Hero 1997-98 Cuban crop of some-\$300m of financing, the

released but officials admit it fell short of the 1995-96 total by at least 200,000

tonnes Mr Lage said the current November-May harvest season and its aftermath would be used to increase efficiency and restore sugar cane reserves in the fields. which have become badly depleted through problems like fertiliser and herbicide shortages, drought, neglect and sloppy cultivation.

Farms are under instruc tions not to cut young. spring-planted came for the 1997-98 harvest. This is to be left to grow and mature to bolster cane reserves for the following season. The sugar ministry has called for extra efforts to improve planting and cultivation. Officials are also aiming

for a short, early harvest this season to offset possible bad weather resulting from prised many observers. The the 1996-97 crop. He cited the latest El Niño weather pattern - a periodic warming of the tropical Pacific Ocean by a few degrees that reverberates

The intention is to create the conditions for a sustained recovery of sugar protions and an estimated duction from the 1998-99 sea-



General Ulises Rosales del Toro (left), Cuba's new sugar minister, plans to bring discipline to the crisis-stricken industry

try gradually to lift output These were the levels new financing rose. achieved before the collapse Cuban officials blamed the of the Soviet bloc disrupted technical supplies to Cuba and sent the sugar industry

This shortfall reduced hard currency earnings from sugar, which still represent more than half of total export income. It has also

The government aims to ability to use sugar ship- suffered from complaints ments as guarantees for about entrenched bureauover the next few years back fresh credits was reduced, cracy and the misuse of to 7m tonnes and over. while the cost of obtaining-

> sugar deficit on damage inflicted by Hurricane Lili in October 1996 and on disruptions to foreign financing caused by the US Helms-Burton law, which tightened the longstanding US

embargo against Cuba. But foreign analysis point dragged down the rate of to poor organisation and Cuba's economic recovery inefficiency. The sugar this year. In addition, Cuba's industry's image has also

resources.

Foreign banks and Euro-pean trade houses like Vitol, Pacol, Sucden and Gill, and Duffus have been involved in financing the Cuban sugar crop for the past two

One foreign trade house representative said he believed this involvement would continue, in spite of the poor 1996-97 harvest. "We survive," he said. "You

Companies from Britain and France have been negotiating possible direct investment in Cuban sugar refineries but no such deals are known have been finalised

The Cuban government is currently open to discussing possible joint ventures to produce refined sugar, alcohol or other sugar derivatives, but it would prefer to keep the production of raw sugar in Cuban hands for

so far.

Costs 1997. Anthony Bird Associates, 193 Richmond Road, Kingston upon Thames, Surrey KT2 5DD, Pascal Fletcher UK. £5.000.

COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE

High/low	1561-62	1584-85 1591/1582
AM Official	1565-68	1585-85.5
Kerb close		1584-5
Open int.	254,545	
Total daily turnover	69,434	
ALUMINIUM AL	TOX (2) bear to	nne)
Close	1420-30	1440-50
Previous	1430-40	1450-55
High/low	1 405 00	1455/1445
AM Official Kerb close	1425-30	14 50-5 5 1440-45
Open int.	6.017	.44
Total daily turnover	995	
I LEAD (\$ per tor	ine)	
Close	533.5-4.5	550-1
Previous	517-18	534-35
High/low		554/538
AM Official	535-6	551-2
Karb close Open int.	32,448	551-2
Total daily turnover	7,110	
MI NICKEL (5 per 1	-	
Close	6075-85	6165-75
Previous	5860-70	5855-60
High/low		6250/5910
AM Official	5900-05	5995-6000
Kerb close	59,584	6245-50
Open int. Total daily turnover	19.636	
F TIN (5 per tonne	d .	
Close	5840-50	5720-30
Previous	5720-30	5640-45
High/low		5740/5680
AM Official Karb close	5880-90	5740-45 5710-20
Open int.	14,875	34 10-20
Total daily tumover	3,467	
Ji ZiNC, special h	igh grade (\$ c	er torme)
al ZiNC, special h		
Close Previous	igh grade (\$ c 1111.5-2.5 1084.5-85.5	1135-6 1110-71
Close Previous High:low	1111.5-2.5 1084.5-85.5	1135-6 1110-11 1138/1113
Close Previous High-flow AM Official	1111.5-2.5	1135-6 1110-11 1138/1113 1120-21
Close Previous High:low	1111.5-2.5 1084.5-85.5	1135-6 1110-11 1138/1113
Close Previous High-flow AM Official Kerb close	1111.5-2.5 1084.5-85.5 1092-93	1135-6 1110-11 1138/1113 1120-21
Close Previous High/low AM Official Kerto Close Open Int.	1117.5-2.5 1084.5-85.5 1082-93 83,416 17,779	1135-6 1110-71 1138/1113 1120-21 1132-3
Close Previous High-low AM Official Kerto close Open Int. Total daily furnover	1111.5-2.5 1084.5-85.5 1082-93 83,416 17,779 A 65 per tono	1135-6 1110-11 1138/1113 1120-21 1132-3
Close Previous High-low AM Official Kerb close Open imi. Total daily tumover at COPPER, grade Close Previous	1111.5-2.5 1084.5-85.5 1082-93 83,416 17,779 A \$5 per tonn	1135-6 1110-11 1138/1113 1120-21 1132-3 et 1818-9 1808,5-09.5
Close Pravious High-low AM Official Kerb close Open int. Total daily tumover & COPPER, grade Close Pravious High/low	1111.5-2.5 1084.5-85.5 1082-93 83,416 17,779 A S per tono 1788-9 1178.5-77.5	1135-6 1110-71 1138/1113 1120-21 1132-3 et 1818-9 1808.5-09.5 1824/1786
Ciose Previous High/low AM Official Kerb close Open int. Total daily turnover & COPPER, grade Close Previous High/low AM Official Kerb close	1111.5-2.5 1084.5-85.5 1082.93 83,416 17,779 A S per torm 1788-9 1178.5-77.5	1135-6 1110-11 1138/1113 1120-21 1132-3 et 1818-9 1808,5-09.5
Close Previous High-low AM Official Kerb close Open int. Total daily turnover at COPPER, grade Close Previous High/low AM Official Kerb close Open int.	1111.5-2.5 1084.5-85.5 1082-83 83,416 17,779 A S per tonn 1788-9 1178.5-77.5 1783-84 161,499	1135-6 1110-71 1138/1113 1120-21 1132-3 1132-3 1818-9 1808.5-09.5 1824/1786 1815-16
Close Pravious High-low AM Official Kerb close Open int. Total daily tumover at COPPER, grade Close Pravious High/low AM Official Kerb close Open int. Total daily tumover	1111.5-2.5 1084.5-85.5 1082-83 83,416 17,779 A S per tonn 1788-9 1178.5-77.5 1783-84 161,499 56,984	1135-6 1110-11 1138/1113 1120-21 1132-3 1132-3 1818-9 18085-09.5 1824/1786 1815-16 1823-4
Ciose Previous High/low AM Official Kerb close Open int. Total daily turnover & COPPER, grade Ciose Previous High/low AM Official Kerb close Open int. Total daily turnover E LIME AM Official	1111.5-2.5 1084.5-85.5 1082-93 83,416 17,779 A SS per tone 1788-9 1178-5-77.5 1783-84 161,499 56,984	1135-6 1110-11 1138/1113 1120-21 1132-3 1132-3 1818-9 1808.5-08.5 1824/1786 1815-16 1823-4
Ciose Previous High/low AM Official Kerb close Open int. Total daily tumover at COPPER, grade Ciose Previous High/low AM Official Kerb close Open int. Total daily tumover at LIME AM Official E LIME AM Official	1111.5-2.5 1084.5-85.5 1082-93 83,416 17,779 A S per tone 1788-9 1178-5-77.5 1783-84 161,499 56,984 at 25 mater 1,6784	1135-6 1110-11 1138/1113 1120-21 1132-3 1132-3 1818-9 1808.5-09.5 1823-4 1815-16 1823-4
Ciose Previous High/low AM Official Kerb close Open int. Total daily turnover & COPPER, grade Ciose Previous High/low AM Official Kerb close Open int. Total daily turnover E LIME AM Official	1111.5-2.5 1084.5-85.5 1082-83 83,416 17,779 A S per torm 1788-9 1178.5-77.5 1783-84 161,499 56,984 12'8 rater 1,6788 06 mits 1,6788	1135-6 1110-11 1138/1113 1120-21 1132-3 ej 1818-9 1808-5-09.5 182-4/1785 1815-16 1823-4

E High	I GRA	DE CO	PPER	(COME	X)		
	Sett price	(Aly's change	طولار	Low	Yel	Opes Est	
Dec		+0.60		80.30		2,673	
Jac Feb	82.25	+0.75 +0.80	82.40	82.20		1,761	
Mar Acır		+0.70 +0.70				32,336 1,410	
May Total		+0 55			206	4,590 63,964	
PRE	CIO	us i	MET	ALS		99,501	
E LONI (Prices :	DON E		N MA	RKET			
Gold(Tro	•	5 pr 288.40-2		£ equi	v SFr	equiv	
Opening Morning	ffx	269.00-2 269.		172.51	9 415	.A71	
Afternoo Day's H				172.31	4 414	1.639	
Day's Lo Previous	DW .	287.50-2	288.00				i
Loco Ld	in Mee	in Gold	Lend				:
1 month 2 month	5	4.01	12 :				ı
3 month Sther Fl			! broy ca	. US	: ದಾ ಕ	KILÍV.	
Spot			15.85		529.5		

321.85

327,45

534.85

3 months

6 menths

Gold Coin

Krugerrand

Precious Metals continued GRAINS AND OIL SEEDS ■ GOLD COMEX (100 Troy oz.; \$/troy oz.) price change 89gs low ver ——
286.5 -6.1 292.5 286.0 945 1,950 Jan
287.3 -6.1 - - 6 Mar
289.5 -6.0 294.5 288.2 29,034 111,96 May
290.3 -8.0 296.1 290.0 478 11,415 Jan
290.3 -8.0 296.1 290.0 478 11,415 Jan 294.5 -6.0 298.0 298.0 741 4,558 \$3,154 198,172

524.0 -1.4 525.0 523.0 322 1,475 525.9 -1.8 - - 3 36 530.5 -1.7 534.0 527.5 13,897 64,508 533.5 -1.8 536.0 532.0 307 5,735 535.5 -1.8 536.0 534.0 133 5,364 537.2 -1.8 540.0 540.0 50 802 15,315 88,724 **ENERGY**

HEATING OIL MINEY (42,000 US galls; c/US galls) 54.10 -0.04 54.45 58.90 34.61 15.949 53.50 +0.05 53.60 53.40 1,171 7,928 52.55 +0.17 52.90 52.65 52.45 1,578 6485 52.55 +0.08 52.65 52.45 1,578 6485 33,364 136,601 165.25 +0.50 187.00 185.00 4.399 15.381 166.25 - 167.75 166.25 4,107 26.291 166.50 +0.50 167.75 166.25 1,747 15.797 168.00 +0.50 168.75 165.75 309 11,481 Tetal 164.75 - 165.50 165.00 210 4.424 164.25 - 184.75 164.75 81 2,745 8F

10.765 181.212

M NATURAL GAS PE (1,000 flores; perce per flores) 17.850 -0.200 18.030 17.800 370 2,885 18.050 -0.180 18.056 18.050 50 3,065 820 12,560 M NATURAL GAS WMEX (10,000 pmBbL; SymmBbL) Listent Day's Open price change High Low Vol int 2420 -0.189 2617 2410 24,421 48,913 2360 -0.150 2.510 2.350 7,958 26,887 2.250 -0.110 2.370 2.255 4.510 20,590 2,180 -0.070 2,210 2,150 1,729 12,068 2,150 -0.055 2,190 2,150 905 9,229 2,160 -0.045 2,180 2,155 471 8,580 NYMEX (42,000 US galls.; c/US galls.)

56.10 -0.45 56.85 56.05 14.569 34.059

56.55 -0.38 57.15 56.50 3,219 17,147 56.95 -0.48 57.45 56.95 1,267 10,963 58.85 -0.21 60.00 59.85 1,006 8.842

59.75 -0.11 59.95 59.75 1,074 8,161 59.50 +0.12 59.60 59.40 719 6,069 22,327 94,698

WHEAT LIFFE (100 tonnes; £ per tonne) 82.45 +1.05 82.45 81.80 289 1.522 84.55 +1.05 84.25 83.90 73 2.828 88.55 +1.05 86.55 85.90 277 3.183 88.50 +1.00 88.00 88.00 10 403 Total S3,54 198,172

B PALTINUM NYMEX (\$6 Troy oz.; \$7roy oz.)

Dec 340.25 +1.50 341.00 382.75 3.415 2.835

May 381.0 -4.7 385.5 378.0 1,171 10,385

May 387.5 -4.7 389.8 378.0 272 2.228

May 384.75 +1.25 365.59 283.00 783 11,094

July 384.75 -4.2 365.59 283.00 87.00 2,168 17,890

Dec 208.50 -1.70 210.00 208.00 55 416

May 208.50 -1.45 207.00 215.00 435 27.25

July 384.75 -3.59 271.75 287.50 18,985 22,656

Dec 208.50 -1.45 207.00 215.00 435 37.26

May 208.50 -1.45 207.00 215.00 435 37.26

Dec 208.50 -1.75 288.75 288.55 285.00 1.86 31.012

Dec 208.50 -1.75 288.75 288.55 129 5.234

Dec 208.50 -1.75 288.75 288.55 285.00 1.86 31.012

Dec 208.50 -1.75 288.75 288.75 288.55 288.00 2.86 01.012

Dec 208.50 -1.75 288.75 288.55 288.00 2.86 01.012

Dec 208.50 M BARLEY LIFFE (100 tornes; 2 per torne) 75.50 +0.75 - - - 474
78.10 +0.75 77.75 77.75 3 1,355
79.35 +0.75 - - - 20
80.50 +0.50 - - - 5
82.50 +0.50 82.50 82.50 5 65
a/a n/a CRUDE OIL NYMEX (1,000 barrels, S/barrel) SCYABBANS (ST 5,000te min; cata/800 busiel) Jan. 694.00 -12.50 707.50 893.00 33,040 66,315
Mar 697.50 -13.25 713.75 697.50 8.510 28,539
Rey 703.00 -12.00 716.00 702.50 2,928 21,141
705.50 -12.00 718.50 705.00 2,619 22,523
Aug 705.50 -12.00 709.00 700.00 185
Sep 682.00 -8.00 686.25 685.00 40 73
Total 48,715 149,594 M SOYABEAN OIL CBT (80,000ths: cents/fb) Dec 24.47 -0.50 25.02 24.45 5,729 4.951
Jun 24.71 -0.50 25.30 24.67 13.981 47.594
mar 25.07 -0.56 25.55 25.02 3,720 34.095
May 25.30 -0.50 25.65 25.25 1.967 13.486
Jul 25.42 -0.47 25.78 25.40 1,389 11,291
Aug 25.38 -0.41 25.67 23.7 177 2,110
Total 25.28 -0.41 25.67 23.7 177 2,110 SCYABEAN MEAL CET (100 tons; Short)

Total

SUGAR "11" CSCE (112,0002bs; cents/bs) 229.8 -1.1 231.9 228.7 4.594 12,048 230.6 -1.8 223.7 220.0 10,329 30,190 214.3 -2.5 218.5 214.0 6,447 34,173 212.0 -2.2 215.5 211.5 2,709 20,884 211.9 -2.5 215.3 212.0 80 14,590 211.3 -3.2 214.5 211.6 140 3,360 25,865 122,167

III FREIGHT (BIFFEX) UFFE (\$10/Index point)

Dec
Total 1230 +5 1230 1230 21 297 1265 +26 1270 1245 15 711 1270 +25 - - - - - - - - - - - - - - 124 1200 - - - - 124 1200 - - - 124 4 Close Prev 1188 1184 PULP AND PAPER

PULPEX OMLX (USS: 24 air dry tons) Sett Day's price change lifigh Low Vol 528.00 -8.75 534.00 528.00 39 430 547.50 -6.50 550.00 547.50 25 179 **FUTURIES DATA** All futures data supplied by CMS.

Wool from Mallett & Co
Currency factors played a large part in the
wool markets this week - with both New
Zealand and Australian indicators weaker.
New Zealand crossbred wool was cheaper,
with the main indicator down 11 cents to
437 NZ cents a kg, neer to ta lowest point
for the year, Australia field relatively steady
if assessed by the main eastern market
indicator, which ended at 708 Australian
cents a kg, 4 cents down on the week. Far
Eastern problems continue to make the
trade nervous about the outlook for
demand, especially from China, the leading
world buyer.

M COCOA CSCE (10 tonnes; \$/tonnes) 1548 -10 1560 1551 23 319 1578 -10 1585 1571 2,425 49,108 1897 -10 1614 1800 249 18,734 1827 -10 1635 1623 84 4,652 1646 -12 1650 1842 70 5,795 1667 -9 1874 1663 41 9,155 ■ COCOA (ICCO) (SDR's/torne) Price 1234.35 COFFEE LIFFE (5 tonnes; \$/tonne) E COFFEE 'C' CSCE (37,500lbs; cents/lbs) 175.00 +1.00 170.00 171.00 147 875 169.69 +22.50 170.55 163.75 6.834 16,301 181.45 +1.20 162.00 157.00 986 6,208 153.50 +0.60 154.00 150.50 250 2,504 146.50 -0.05 147.00 146.00 118 1,191 140.65 -1.10 141.25 140.00 29 951 8,468 26,265 Dec Mar May Jui Sep Dec Total E COFFEE (ICO) (US cents/pound) 122.20 121.32 1750 WHETE SUGAR LIFFE (50 tornes; \$/torne) 310.2 -0.9 310.3 310.1 78 22.576 315.8 -0.5 315.8 315.6 124 5.289 317.4 -1.1 317.4 317.4 95 4,638 311.9 -0.8 311.8 311.6 16 3,667 311.7 -0.4 316.0 316.0 - 142 1,467 38,468 Mar May Aug Oct Bec Total 12.38 - 12.42 12.31 6.378 113.0k 12.30 - 12.33 12.25 1.395 52.125 11.56 4.01 12.03 11.94 2.435 27.050 11.75 - 11.78 11.73 1.907 22.954 11.59 +0.01 11.62 11.56 412 6.280 11.53 +0.01 11.55 11.50 162 9.00 11.53 +0.01 11.55 11.50 162 9.00 Mary Jul Oct Mar Way Total ■ POTATOES LIFFE (20 tonnes; £ per tonne)

■ COTTON NYCE (50,000lbs; cents/bs) 86.38 -1.59 87.90 86.20 74 281 88.55 -1.07 89.20 88.27 3,454 43,659 69.95 -1.03 70.60 89.55 928 13,955 71.20 -0.95 71.90 71.00 692 14,721 73.25 -0.38 73.50 72.90 88 1,916 73.70 -0.50 74.00 73.65 662 10.624 CORANGE JUICE NYCE (15,000lbs: cents/lbs)

82.75 +1.25 83.00 80.50 959 22.122 75.95 +1.50 88.10 83.55 801 15.247 88.05 +1.80 89.00 86.95 12 3.467 92.00 +1.15 91.40 91.10 12 1872 94.00 +1.15 91.40 91.00 12 3873

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CST, NYCE, CAIE, CSCE and IPE Crude Oil are one day in arrears. Volume & Open interest totals are for all traded months. INDICES Reuters (Base: 18/9/31 = 100) Dec 4 Dec 3 month ago yeer ago 1793.9 1795.5 1817.9 1863.2 M CRB Futures (Base: 1967 = 100)

Dec 3 Dec 2 month ago 236,00 236.69 # GSCI Spot (Base: 1970 = 100) LINE WAREHOUSE STOCKS (-2,775 -90 +2,900 -175 -456 -475 660,600 43,180 344,450 116,275 MEAT AND LIVESTOCK ■ LIVE CATTLE CME (40,000/bs; certs/fbs)

Aug 70.625+0.500 70.700 70.075 425 5,148 Oct 72.450+0.100 72.750 72.400 52 1,310 Total 18,114 105,399 ILEAN HOGS CME (40,000lbs; cents/lbs) Dec 62,975 +0.525 63,150 62,650 2,801 8,473
Feb 60,625 +0.525 60,803 60,350 2,224 18,803
Apr 57,450 +0.225 57,700 57,400 998 7,509
Jon 65,350 +0.050 65,625 65,250 596 4,038
Jul 84,325 +0.125 64,500 84,300 55 1,302
Abg 62,125 +0.025 62,200 67,950 10
Total 62,465 40,967 IN PORK BELLIES CME (40,000lbs; cents/fbs)

Prer. day Feb \$8.850 + 0.675 \$9.250 \$8.650 1,591 1224.72 | Mar 57.600 + 0.550 \$8.300 \$7.500 \$169 | May 58.673 + 0.750 \$8.950 \$9.300 \$32 | May 58.673 + 0.750 \$8.950 \$5.000 \$4.100 \$2 | May 58.500 + 2.100 \$8.500 \$4.100 \$2 | May 58.500 \$4.500 \$4.100 \$2 | May 58.500 \$4.10 LONDON TRADED OPTIONS Strike price \$ torque --- Calls --- --- Puts --

1600 1700 1700 _____ 1800 ____ 1900 ____ E COFFEE LIFFE Jan Mar 1700 ______ 128 136 1750 _____ 89 110 1800 _____ 58 94 III COCOA LIFFE Mer May Mer BRENT CRUDE

LONDON SPOT MARKETS M CRUDE OIL FOR (per barrel)

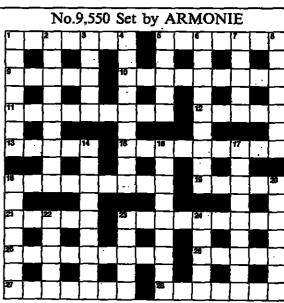
W.T.L \$18,59-8,61w -0.27

W OIL PRODUCTS NWE prompt delivery CF (brund) \$187-189 \$181-183 MATURAL GAS (Pence/therm) 17,65-17.80 -0.325

Gold (per troy oz) \$ Silver (per troy oz) \$ Platinum (per troy oz.) \$383.00 Lead (US prod.) Tin (Kusiki Lumpur) Tin (New York) 19.57 Cattle (live weight) Sheep (live weight) Pigs (live weight)† 92.83p 92.68p 60.86p Lon. day sugar (1944) Lon. day sugar (wha) Berley (Eng. feed) Maize (US No3 Yellow) \$295.80 Wheat (US Dark North)

Rubber (Dec)♥ Rubber (Jan)♥ Rubber (KL RSS No1) 54,50p 54,50p 272,5z Coccatus Oil (Priil)§
Palm Oil (Malay.)§
Copra (Phiil)§
Soyabeans (US)
Cotton Outdoor/A' Index
Washings (Eds. Super) 75,95c 390p Wooltops (64s Super)

CROSSWORD



Landing area supervisor admitting insolence (7)
 Bent key implement for air-

9 Nothing surpasses a capital lover (5)

10 The way to be captivated by rosy colour of carpet (9)
11 Entourage about to obtain oriental vegetable (9)

12 Manipulates stated require-

one felon (5) 15 Check reckless raids in

sail home (5) 23 Man on board appearing the audience (5) after short time between 24 Writer turned on a student working days (9)
25 Soldier's stiffly formal and

incurring censure (9) 26 Prize bull, initially, is sound (5) 27 Getting a couple of bob after sweeping shows gen-28 Steward accepting a pound to take over (7)

DOWN

1 Vegetable having roach cooked with it (7)

2 One de-tailed rodent in dash for car (9) 8 Spike expert's raised but 4 Controversial performer

first appearing on a record

5 Closing of last breach is an flag (3,6) 7 A climber came up (5)

bon by diffusive means (7) 14 Upset Frenchman is taken in by superficial reproduc-tion (9) 16 Conductor of church service condemned dreary ale

13 The fellow apprehending 17 Call about a gold and germanium instrument (4,5) 18 Acrobat has changed direc-15 Check reckless rates in game (9)

18 Eat cherry pie in an act of betrayal (9)

19 Uproar about one's bill (5)

21 African people in Burma

22 Delightful meal, if lacking port (5)

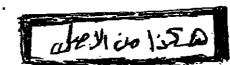
23 Director membandise to

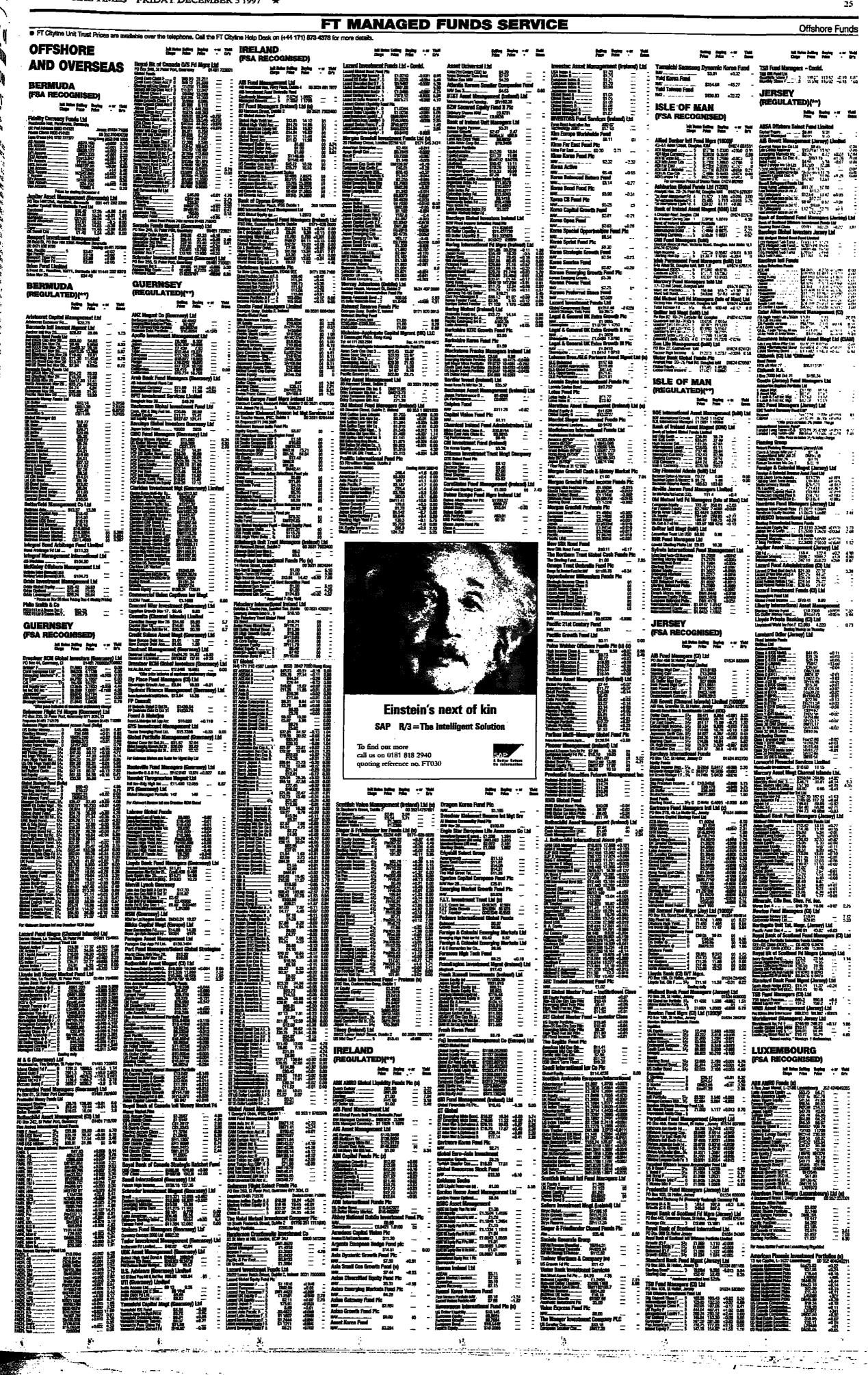
port (5) 23 Displays merchandise to

in the country (5)

Solution 9,549







Review

capacin

 $-(c_{2}^{14})^{\frac{32}{4}}$ the Company

1. The 2. 1. 18 den 1. 11-12 S. 150 S. 9.65

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97 11.11 Page · Sin. Table 1.7

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CROSSWORD

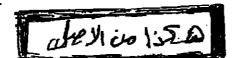
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Column C



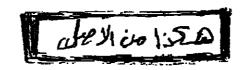
180 (-) 1981 (-) 1981 (-)

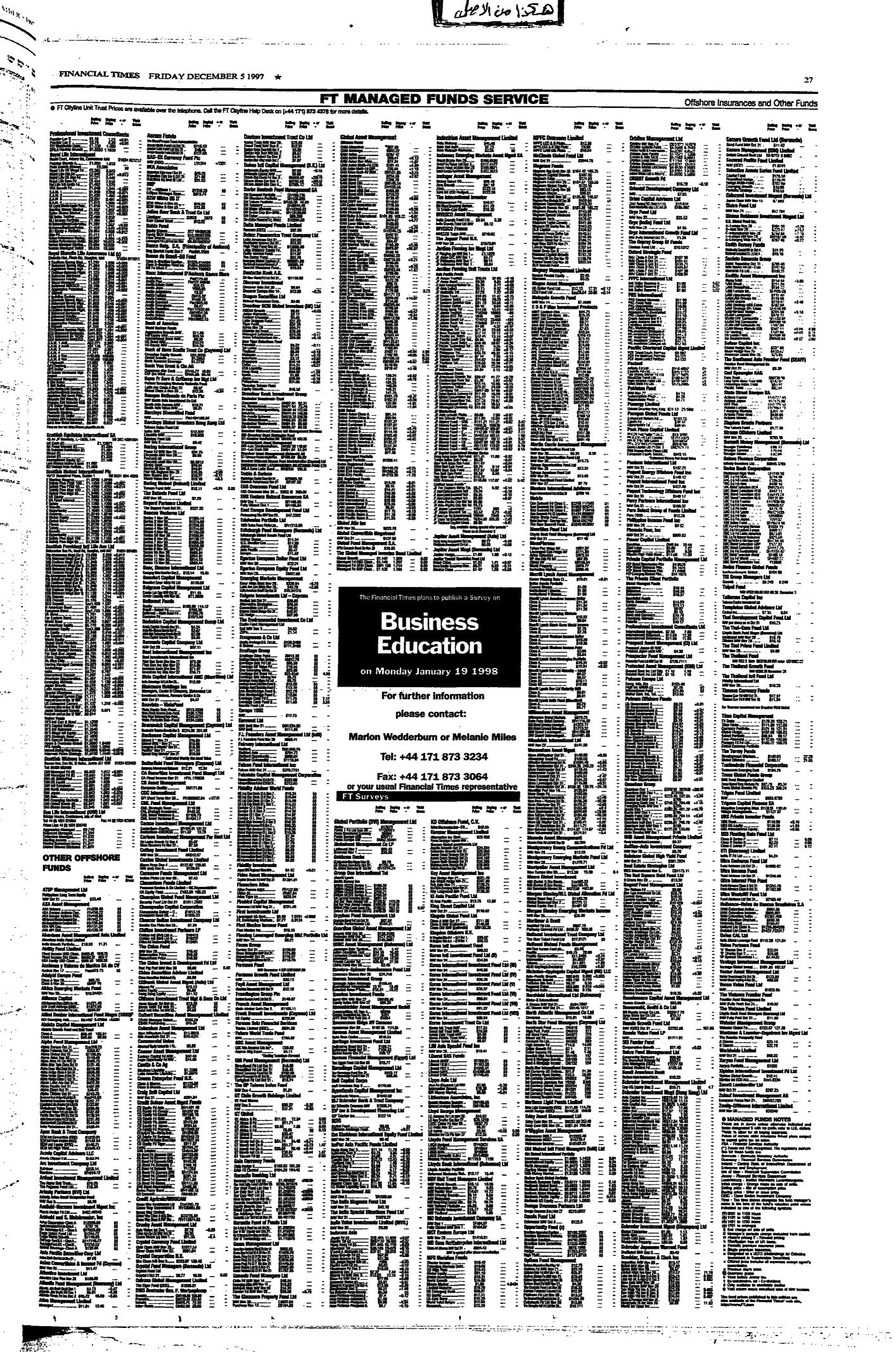
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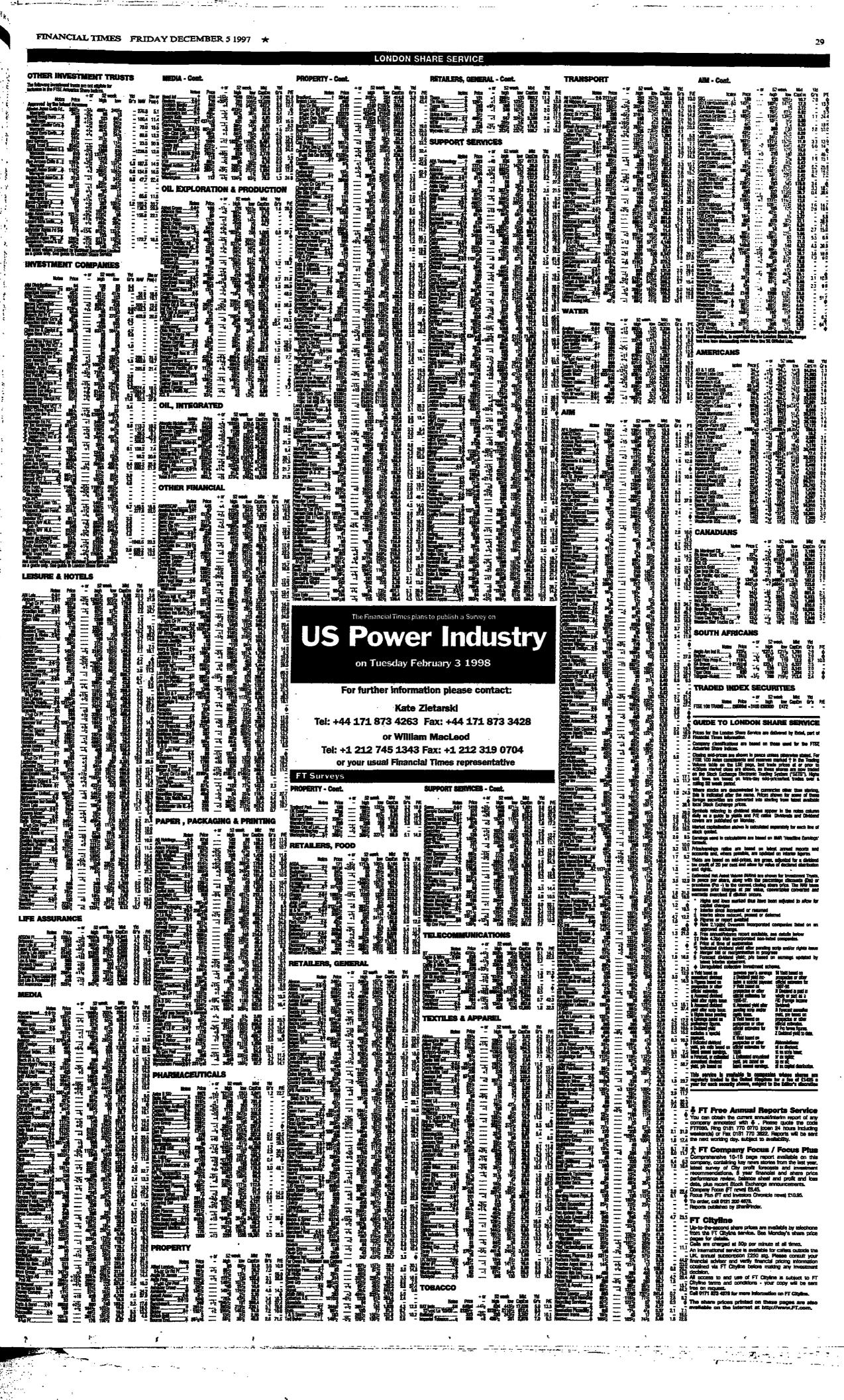
Control of Hill 19 1000 Control of 19 1000 Control **を対象が高いを含めている。 西山野山野山東東京山東山野山東京** 器[張十] 1967年1968年 1968年 FOOD PRODUCERS | Second Property | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 198

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LONDON STOCK EXCHANGE

Shares surge as bid speculation intensifies

MARKET REPORT

By Steve Thompson,

Already in festive mood, with Christmas present from the Mon- and Prudential, etary Policy Committee which

left UK interest rates unchanged. That news, plus a flurry of intense speculation that more big buzzing with speculation. bids are imminent, gave share prices a second wind, driving the FTSE 100 index up strongly to close a net 111.6 or 2.2 per cent

The financial sector was the the US and Deutsche Morgan comforting showing by Wall

floated in the summer, shooting higher on stories that a bid from Halifax, Barclays or NatWest, is lost during late October, when dealers confidently talking about in the pipeline. Other insurers the tremors from the steep losses an end-year run-up. London's also raced higher, including Com- in far eastern markets rippled equity market received an early mercial Union, General Accident across global stocks.

> Talk of further upheavals in East, where the International non-farm payroll report. UK investment banking and Monetary Fund agreed a \$55bn stockbroking kept dealing rooms rescue package for South Korea,

European and UK equities divi- in London, as well as other Eurosion to CSFB and NatWest pean markets. Hong Kong's Hang Bank's equities and derivatives Seng index rose 2.3 per cent, and businesses to Bankers Trust of that performance, coupled with a

focus of the market's takeover Grenfell have triggered a spate of Street prompted the initial impespeculation with Norwich Union, speculation of further imminent tus behind UK stocks. moves in that area.

Earlier in the session, the Footone of the big banks, specifically sie re-crossed the 5,000 level it by the recent strength of US

Again it was events in the Far

which were partly responsible for The recent sale of Barclays' triggering the substantial gains

Gilts lent additional support to equities, and were also sustained Treasuries. The latter dipped shortly after trading commenced weekly jobless figure, which caused unease about today's US

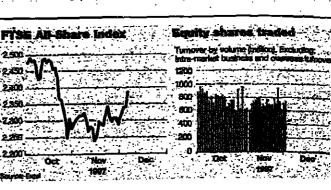
The report is one of the crucial factors used by the US Federal stock well received. Reserve's open market committee to determine interest rate policy.

the wake of the Confederation of British Industry's November survey of distributive trades, which off point came out at a highly highlighted a marked slowing in

retail sales during the month. But the jobless claims did no damage to Wall Street which continued its run of gains, with the Dow posting a near-20 point rise within ten minutes.

The day's company news was yesterday after the 3,000 drop mostly supportive of the market, with Reuters' £1.5bn-worth of capital restructuring driving those shares higher, and GEC's FTSE plan to buy in £300m-worth of its

The FTSE 250 and Smallcap indices also registered strong The MPC's decision came in gains, the former climbing 28.9 to 4,721.3 and the latter 10.2 to 2,299.1. Turnover at the 6pm cut-



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Norwich hits new record

By Joel Kibszo, Martin Brice and Peter John

Intense activity in the financial sectors saw insurers emerge as hot favourites to be the initial battleground for the first big takeover in financials since the merger of Royal Insurance and Sun Alliance last year.

Although dealers insisted there was nothing new in the bid stories they said momentum behind general and composité insurers suggested corporate activity in the area looked increasingly likely.

the summer at a public offer price of 290p share, shot up 25 to a record 393p after heavy turnover of 9.7m

the most likely bidder for impending corporate activ-Norwich among the banks ity. was the Halifax followed by Barclays, NatWest or Abbey National, all of which have lot more value in the stock been involved in some form of takeover/merger discus-

was being prepared, to take penny firmer at 554p. advantage of GenAcc's financial strength and Norwich Union's superb brand name, and which would bring big

potential merger between may be some nervousness Commercial Union and General Accident was also talked about CU jumped 43 to 888p.

Other big winners in the sector included Legal & General, up 91/4 at 5211/4p. Prudential, which has been linked to the high street bank in the past, lifted 29 to 709p, a new closing high. Britannic, at £10.15 and London & Manchester, at 500p. were unchanged on the day, although dealers insisted a merger between the two might be on the cards.

Dalgety gains

Shares in Dalgety gained 13 to 285p as rumours of an impending bid continued to circulate. The word is that Norwich Union, floated in Nestle and the UK's Associated British Foods plan to acquire Dalgety and split the business between them. However, some market specialists attribute the strong Insurance specialists said advance in Dalgety to

Carl Short at SGST said: FT 30 hourly changes "We believe that there is a than the current share price suggests and we expect positive developments on the Another story was that a corporate front before too merger between Norwich long." Associated British Shares Union and General Accident foods shares ended the day a

In the rest of the sector, Cadbury Schweppes eased 11/2 to 6351/2p on what dealers said was general profittaking. Analysts are to meet General Accident was with the company within the

performance table, its shares going into closed season and racing up 67 to £10.78. A one specialist said: "There

ahead of those meetings."

Railtrack up

Among transport stocks, Railtrack was again a strong performer and rose 31 to 210.61, helped by a reitera-tion by UBS of its "buy" stance.

The transport team put out a very bullish note on the stock recently, and Richard Hannah at the broker said vesterday: "We have always been confident of significant cost savings at Railtrack but now there is also the prospect of volume growth returning to the

P&O rose 13 to 673p as it said it was to float Bovis at company Reuters jumped 200p a share, raising £225m 30% to 710p after the comfor P&O rather than the pany announced it would

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close behind Norwich in the next few weeks ahead of it £250m it had originally return £1.5bm to share- index helped HSBC rise 5.5 hoped for.

Reckitt & Cohnan was the strongest performer in the FTSE 100 index in percentage terms as speculation of a takeover returned.

Potential bidders included Unilever and Palmolive of commitment to spend up to the US although no specific corporate action was being talked about as yet.

Analysts said although "The shares have been running ahead in anticipa-

either company is capable of acquiring the group, Unilever is the most likely as it is rapidly building a substan-tial cash pile and is actively looking to bolster its position in emerging markets, where Reckitt is strong.

Another analyst said the shares were merely cheap at current levels. The shares closed 70% up at 956%p. News and information

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ered a cautious earnings outlook and the shares fell 15% to 618p.

still not overvalued."

The Anglo-Dutch group said results would be "significantly" affected by sterling's strength, 1997 results would contain exceptional items, and it was not yet possible to quantify the full financial effect of the compensation or impact on the travel unit's profitability.

nary shareholders would

receive 13 shares in a new

Group, plus £13.60 for every

£200m a year buying back

shares until the end of 1998.

tion of this," said Anthony

15 shares held.

GEC climbs

GEC was one of the better performers in the Footsie, the shares climbing 13% to 403%p after the company said it planned a £300m share buy-back and its GEC Alsthom joint venture would list in Paris, London and New York.

While the results, which advanced from £421m to £442m, were ahead of some expectations, analysts generally were said not to be upgrading their forecasts. Siebe was also in demand.

The stock gained 41 to £12.21. Sentiment in the stock was helped by the recent strong results, and the news yesterday that Janus Capital Corporation of increased its stake, from 5.06 per cent in July to 6.07 per cent A 2.4 per cent rise in Hong Kong's Hang Seng

holders. Reuters said ordi- per cent. Dealers said that other positive factors included a Korean agreeholding company, Reuters ment on a cash injection

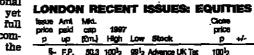
5 shares held. tary Fund. The shares The company repeated its gained a net 84 to £15.98. National Westminster dismissed a press report that the company was poised to merge with ABN Amro. But the rumour that the bank may merge with another

from the International Mone-

de Larrinaga, analyst at Panmure Gordon. "But they are Profit-taking and downgrades from several brokers saw shares in hotel and Reed International was the worst performing blue casino group Stakis move chip after the group delivagainst the strong market trend. The shares closed down 5% or 5.4 per cent at 100p, the worst performer in the FTSE 250.

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Littlien posted the biggest gains with HK Telector and Chine Light and Power both up strongly. "Sat Nov 20: Tahuan Walghard Price (d): Korea Comp Ex 407.85. \$5 Monroeal. 4 Toronto. (d) Closed, (d)	Unwanishin, 2 Xetra/DAX situs-house index: Dec. 4 - 4169.72 +85.17, † Correction, * Cr	iculated at 15.00 GMT, # Socketing bonds, ± Industrial, plus Util	Bites, Financial and Transportation, 4 The DJ Indi. Index theoretical day's highe and lows are the averages of the highest and lowest prices reached during the day by each
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Caution urged in spite of Asian rally

WORLD OVERVIEW

World stock markets rallied strongly yesterday, helped by a sharp bounce in Korean equities following confirmation of the biggest ever IMF restructuring package, writes

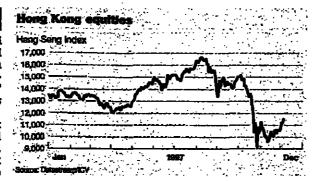
The Korean KOPSI index advanced 7 per cent, and Hong Kong followed suit, with the Hang Seng index gaining 267.39 points to

Nonetheless, strategists urged caution over the "Three years after the

Tequila crisis, the Mexican market has barely crept absolutely all the conditions political tests in the

Bond gains

nudge Dow



Nath, global emerging markets strategist at UBS Secu-

"If Korea was to accept

back to its pre-crisis level in imposed by the IMF, we dollar terms," said Vikas would expect a lean and mean fighting machine to a key indicator for the emerge, but only after two

"And there will be big

short-term. What we have bond yield dropped below 6 over the last few days does not look like the beginning of a sustained rally.

However, UBS argues that there is significantly less downside risk to the Hong Kong market, which is now up 27 per cent from the low point it reached on October

A quiet day had been expected in the developed markets, given the announcement today of the US non-farm payroll figures, strength of the US economy for bond yields.

seen in the stock market per cent for the first time in nearly two years, reflecting expectations that today's numbers will show that the so-called Goldilocks economy - neither too hot nor too cold - is alive and

> The rally fed through into Europe, with the FTSE Eurotop 100 index rising 1 per

But Matt Dennis, European strategist at ABN-Amro Hoare Govett, argues: "At current valuations, these markets are still vulnerable to both external or internal the run-up to European eco-

UBS and SBC, which had

pushed ahead strongly on

alliance hopes on Wednes-

day, eased SFr23.00 to

SFr1.891 and SFr9.00 to

SFr481 as talk about a

merger between the two

COPENHAGEN attained a

new all-time high, increased

by a strong performance

4.26 better at 199.40, break-

ing the previous record of

195.52 which was set on

Analysts said bank shares

were being helped by a sud-

den surge in foreign interest,

fuelled mainly by hopes of

Jyske Bank advanced

DKr30 to DKr785 and Den

Danske Bank was DKr28

higher at DKr835. Unidan-

mark climbed DKr15 to

MOSCOW rose by more

than 6 per cent for the sec-

the RTS index ending 21.57

higher at 861.79 on hopes

that recent turbulence in the

government hand markets

Written and edited by Jeffrey

Brown, Jonathan Ford and

might be easing.

mergers in the sector.

DKr493.

The KFX index finished

from bank shares

effect on S Korea

Investors gave a warm reception to South Korea's \$57bn IMF rescue package. helping shares to record a 7 per cent rise, writes Jonathan Ford.

Blue chip stocks climbed across the board as the marfocused on one element the package, which increased the ceiling on foreign ownership of individual South Korean stocks to 50 per cent this month and 55 per cent next year. The new rules take effect on December 15. The current limit is

The composite index closed 26.5 higher at 405.81. Trading volume was a record 111.1m shares, compared to a previous record of 88.2m on Wednesday.

Buying interest focused or financials and blue chipindustrials seen as likely targets for foreign investors. Seoul Bank rose 110 won to a limit high of 1,560 won. Also limit up were Samsung Electronics, 3,300 won better at 45,200 won and SK Telecom, 29,500 won higher at 402,000 won.

Analysts remained concerned about the possibility of labour unrest as a result economic cutbacks required by the IMF package. South Korea's unions are famously militant.

Halla Engineering and Heavy Industry, which last week said it would halve its 6,000-strong workforce, did not benefit from the rally, as unions threatened an "all-out strike". The shares fell 1,500 won to 17,400 won. Some thought that the IMF's \$57bn package might not lift South Korea com-

pletely out of its crisis. Steve Marvin, head of research at Ssangyong Securities, said he thought the package would have to be ncreased. "They are on one knee now, but not totally prostrate," he said, referring to the local economy. "A number of conglomerates could fail next year and that is when they are going to be

IMF deal EMERGING MARKET FOCUS

has tonic | Prague stirred but not shaken

Prague's stock exchange Czech Republic has suffered so many knocks this year that the fall of the Czech government at the weekend (and the prospect of several months of unstable caretaker administration) has had a less than dramatic

"So little stock is held by foreigners now, that there is little selling pressure, aid Alexander Angell of Wood & Co brokers in Prague. "If foreign investors have held on to Czech shares, they won't sell

Although reform is likely to be delayed by the fall of the government, some foreign investors ironically see the political crisis as good news when compared with the instability ushered in by the loss of the govern-

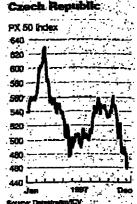
Nigel Rendell, emerging markets strategist at HSBC James Capel in London. said: "There is now the possibility of fresh elections. It's quite refreshing to have the prospect of a clean sheet of paper."

Emerging market funds were already underweight in Czech stocks when the koruna was forced out of its currency band in May. Slow industrial restructuring led to sluggish export growth, which, combined

with runaway domestic consumption, produced a current account deficit close to 8 per cent of GDP last year and triggered the currency depreciation. Since then the economy has slowed under the impact of two austerity

packages and the widespread flooding in July. Most of the important stocks watched by foreign investors - such as CEZ, the former electricity monopoly, and Komercui Banka – have announced disappointing nine-month

The only good news this year has been stock market reforms aimed at greater transparency. More than



sparkle

is mar

1.300 illiquid shares were on the dominant off-market transactions and, most importantly, parliament agreed to set up a Securities and Exchange Commis sion to prevent insider deal-

There is also the prospect of a wave of stocks coming on to the illiquid market hanks and investment funds to cut their industrial shareholdings.

Tomaz Jezek, head of the stock exchange, said: "In the short term, there is a danger of too many shares coming on to the market but this will attract foreign term it can only be post-

According to Mr Rendell the 30 per cent fall in the Czech market this year in dollar terms has made it relatively cheap compared to its neighbours, with a price-earnings ratio of about 8 on 1998 earnings compared to 8.5 in Poland

and 12 in Hungary. However, he believes this sort of discount is justified and that the currency will have to come down even further against the deutschemark before foreign inves tors return in force.

in any case, he says investors will keep a low profile until the political situation becomes clearer.

Robert Anderson

Frankfurt boosted by shake-up at Veba **close to 8,100**

market helped set off a rally on Wall Street as the Dow Jones Industrial Average hovered slightly below the 8,100-point mark, writes John Labate in New York.

'There's a broad-based rally being driven by falling bond yields and an easing of earnings concerns," said Doug Cliggott, US equity strategist at J.P. Morgan in New York. By early afternoon the Dow had gained 63.41 or 0.79 per cent to

The Standard & Poor's 500 index was also stronger, rising 4.03 to 980.80, while the Nasdaq composite index gained 6.39 to 1621.52.

Enthusiasm in both the bond and stock market was intensified by improvements in Asia, as South Korea's IMF loan agreement appeared to promise a more

Many market analysts focused on the Treasury market as the yield of the 30-year Treasury bond, the benchmark for long-term interest rates, dipped below the 6 per cent level for the first time since January

Although the long bond's dip was short-lived, it was enough to keep prices in financial stocks rising.

In the banking sector, Citi-

buy" rating for the bank. stronger, rising \$3% to

Elsewhere in the financial sector. Hambrecht & Quist surged \$31/4 or more than 8 per cent to \$44%. The company has been the subject of takeover rumours for several

Many Dow stocks benefited from announcements Goodyear Tire had gained \$2% to \$66% after Morgan erty arm. Stanley reiterated a "strong buy" rating.

Merck & Co surged \$6 or 6 per cent to \$104 after Merrill Lynch upped the stock to a "long-term accumulate" rating. Shares in Walt Disney fell \$1% to \$93% after the company confirmed that its chief executive had sold 4m shares. Small stocks rose in morning trading as the Russell 2,000 index gained 2.17 at

TORONTO edged higher, with the 300 composite index adding 7.45 at 6,688.60 at the noon calculation. Banks lost ground, with important shares moving lower. Royal Bank of Canada slipped 20 cents to C\$80 and Toronto-Dominion 15 cents to C\$52.75. Bank of Montreal

came off 10 cents at C\$80,10. back of a weak bullion price. Barrick lost 85 cents at share purchases or Veba sell-

cent or \$8% to \$138 after Mer- came off C\$1 at C\$15.80.

and most brokers said that and it took a hint of bearishinvestors were holding off ness in the US to depress ahead of today's critical jobs

to 5,171.13 on the IPC index

across the region. Dealers said the dramatic upturn in Asia had been overshadowed by the slow start on Wall Street. "Volume was dull

São Paulo rallies strongly

an upturn for Brazil.

1.2 per cent to 10,113 on the Bovespa index to reverse most of the previous session's decline. Volume was low, however,

Major Latin American figures from the US. centres moved ahead after MEXICO CITY added 43.22

SAO PAULO gained 1.21 or in line with the better trend

South Africa slips further

board in dull volume. The all-share index ended off 34.4 at 6,262.4 following

further weakness for industrial shares and golds. The golds index came off

Shares in Johannesburg 1.6 per cent at 690.80, a new moved lower across the 12-year low, with the bullion nrice easing. The industrials index closed down 68.3 at 7,628.5.

Newcomer Prima Toy ended at R1.02, against a flotation price of R1.00.

with the SMI index up 46.8 at

EUROPE Corporate restructuring at Veba was one of the factors behind the 2 per cent rise in FRANKFURT yesterday. Assisted as well by benign economic data and a bright Wall Street, the Xetra Dax

index advanced 85.17 to Veba gained DM8.35 to DM114.95 after the giant conglomerate, whose interests span energy, utilities, and chemicals, said it planned to spin off a minority shareholding in its Stinnes transport division and to merge its Raab Karcher property services unit with its prop-

Dealers welcomed the announcement as a signal that Germany's bloated utilities sector might be about to start restructuring itself, resulting in spin-offs and business disposals.

"One of the most interesting things in Veba's announcement was that they said they no longer regarded Stinnes as a core business," said Ralf Menzel at BZW. The news also helped the

shares of other utility giants.

RWE rose DM3.85 to DM95.70

and Viag was DM37 higher at DM945. Veba also had a hand in the day's other big riser, chemicals group Degussa, which advanced DM6.50 to DM91.50, on news that Veba was contemplating raising its 36 per cent stake, Golds were dull on the although it was unclear

> sion to Degussa. Further support was provided by a steady dollar and third-quarter GDP figures which were in line with

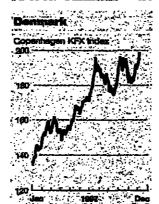
expectations.
AMSTERDAM moved higher, helped by solid gains for a several heavyweights. notably ABN Amro and Unilever. At the end of the ses-

FTSE Actuaries Share In

9.26 at 918.73. Among important stocks Unilever was a strong feature, climbing Fl 3.40 to Fl 120.80 or 2.8 per cent. Steelmaker Hoogovens

to F1 93.80. ING staged a strong return, rising F13.80 to FL 88.90. Financials were

added 1.4 per cent or Fl 1.30



active as a result of merger rumours which lifted ABN Amro Fl 1.30 or 3.2 per cent Royal Dutch continued to

suffer from weak oil prices, sliding Fl 2.20 to Fl 103.90. The AEX index ended 9.26 higher at 918.73. PARIS traded narrowly in good volume with the CAC 40 index adding 12.10 to

2,914.45 in 17m shares traded, just about the best volume of the week. Banks were a strong marwhether this would involve ket with CCF adding FFr15.20 or 4.2 per cent to

FFr374 while BNP FF17.20 to FF1300. Valeo continued to benefit from the upturn in the motor sector with Valeo

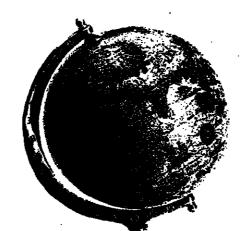
adding FFr16.80 at 421.50. Carrefour ran into profittaking among retailers, shed-ding FFr150 or 4.7 per cent at

3.040.

ZUI bank	RICH take				
ices		Euro	pean	serie:	ŝ

(Ecst)	** ***	Stores #	points	Day's %	inápt.	responsi & Hegional Markets
961.29	0.00	231	+1213	+1.28	974.53	FTSE Eurotop 300
	-	<u></u>	+23.90	+1.70	2248.10	FTSE Eurotop 100
					alone	FISE Burutou 300 Rev
1000.88	0.00	3.22	+14.20	+1.46	986.19	300 UK
970.60	0.00	1.78	+10.96	+1.14	968.50	300 Ex-UK
959.23	0.00	2.00	+11.45	+1,21	955.84	300 Eurobloc
997,94	0.00	2.53	+12.63	+1.29	988.72	300 Ex-Eurobloc
				3	nomic Groups	FTSE Eurotop 300 Eco
630.69	0.00	2.99	-2.07	-0.23	917.88	RESOURCES
939,46	0.00	2.10	+16,85	+1.83	937.25	General Industries
976.84	0.00	1.89	+11.67	+1.24	966.68	Consumer Goods
1002.65	0.00	2.24	+7.21	+0.73	995.74	Services
1023.40	0.00	2.95	+10.17	+1.01	1015.74	
1009.41	0.00	2.30	+17.04	+1.73	1004.34	Financials
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Economy fears hit Tokyo again

ASIA PACIFIC

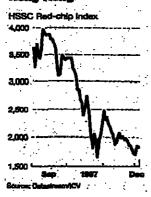
TOKYO shares fell yesterday for the third consecutive day amid renewed concerns about the state of the economy and its financial groups. The Nikkei 225 slipped 278.72 points or 1.7 per cent to close at 16,306.78, having moved above the psychologically important 17,000 level on Monday. The drop was partly due to

gross domestic product data on Wednesday, which showed that the economy did not rebound as much as expected in this period. This followed the sharp fall in activity over the summer, following the rise in

the release of third-quarter

consumption tax in April. However, news that Moody's credit rating agency was considering downgrading the debt of three regional banks also dampened the market, particularly since investors continue to fear that more banks and brokers could fail following the col- 4.11 or 1.7 per cent to 244.53. lapse of three large groups

last month. Turnover fell to 391m transactions from 457m on Wednesday. Winners out- tion index dropped 1.42 per per cent to 401.93 on the index ended 37.37 or 1.1 per numbered losers 985 to 162 cent to 1,277.9, and the over-



while 117 issues were unchanged. Daiwa Securities was the most heavily traded share on the first section, falling Y32 to Y410 on turnover of 18.73m shares.

The three banks threatened with a downgrade by Moody's also fell: Ashikaga dropped Y58 to end at Y205, Hokuriku Y49 to Y165 and Kiyo Y32 to Y235.

The Nikkei 300 index fell The Topix index, which includes many banks, fell 1.79 per cent to 1,228.74. Meanwhile, the second seccent to 763.41. In London, the ISE/Nikkei 50 index declined 1.30 to 1.487.10. BANGKOK closed 3 per

cent higher with the SET

index up 11.39 at 388.77. The baht had a better day in the foreign exchanges but equity market turnover remained relatively low at Bt2.6hn. The banks sector jumped almost 10 per cent. Thai Farmers Bank rose Bt9 to Bt82 in the busiest volume of the session. Phatra Thanakit

gained Bt3.25 to Bt23.25. TelecomAsia dipped Bt0.50 to Bt11. The stock market is closed today for a national holiday. KUALA LUMPUR gained ground for the third day running. The composite index rose 27.83 to 575.89 for a three-day improvement of

more than 10 per cent ahead today's news conference by the finance ministry. Brokers said that most of the buying came from local investors with foreign funds keeping a low profile in the face of further weakness for the Malaysian dollar. Tele-

kom rose 90 cents to M\$9.00.

JAKARTA rose 12.24 or 3.1

composite index. Paper cent lower at 3,525.

more than 13 per cent following strong nine-month results, with the shares adding Rp100 to Rp850. Brokers said there had been good support from state owned securities companies. HONG KONG pushed

with utilities and China stocks providing most of the day's features. The Hang Seng index ended 267.36 or 2.4 per cent ahead at 11,476.94 in turnover of HK\$10.1bn. Hong Kong Telecom continued to attract the buyers following Wednesday's news

higher in moderate volume

of a HK\$4.8bn mobile phones takeover. The shares rose 80 cents- to HK\$16.50 for a two-day gain of more than 6 per cent. China Light added HK\$1.16 to HK\$41.80. HSBC rose HK\$4.50 to HK\$204, and China shares were also heavily in demand. The red-chip index climbed

shares index gained 3.9 per BOMBAY moved lower on political uncertainty following the dissolution of parliament. The main 30-share

4.3 per cent while the H

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rague stirred -REPO AND STRIPS

The UK is now offering bonds that can be stripped and reconstituted. Samer Iskandar reports

and the control of the second
New sparkle added to gilts market

worth waiting for.

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dard coupon bearing bonds stagnated for a while earlier sharply upwards by the from their principal, and this year and even declined trade them separately - is last summer. This is partly and south-eastern Asia and the latest move in a series of explained by the resilience the ensuing surge in shortmodernisations that have of stock lending. Although selling Several benchmark been made to the gilt marhet. It is also arguably the
last large-scale reform before
the conversion of all UK
debt to the single European
debt to the single European
currency if and when sterlow stock lending. Afthough selling. Several benchmark
the practice is less secure
to remain a procession of the special, offering substantial
rewards for investors willing
to lend their holdings.

As one trader says: "This

England has thoroughly pre-pared the market for strips Some analysts also blam in the 30 months since it the lack of progress on the tors would not be tempted."

the world, with almost £20bn tional investors such as of paper outstanding. This should handen should, bankers say, guaran-

the stripping process.

est and cheapest to strip and ations. With the advent of reconstitute," says Julian Emu, the lack of Europe-Wiseman, vice-president at wide harmonisation has also J.P. Morgan's fixed income been an impediment. costs just over £1, and the - possibly for some years whole process is done in a is more likely to come from matter of minutes at the new types of transactions.

touch of a button." favourable: the UK has of cash and securities Europe's biggest pension between the counterparties. fund industry and pension tops the list of new transacfunds are tradi

keenest buyers of strips. "The UK pensions business is very large relative to the early 1990s, activity has the size of national debt," doubled or tripled every savs Mr Wiseman.

The rules of taxation covering gilt strips also encourage trading. They are totally tors. For UK residents, they are "tax neutral" - trading gains and profits from natural price appreciation are taxed at the same rate, with a nine-month delay. This is not the case in some other markets, where differences between capital gains tax and income tax encourage hoarding to the detriment of

In the more mature US market, activity in Treasury strips started picking up earlier this year after a two-

Josh Braverman, director of US government strips trading at Deutsche Morgan Grenfell in New York, attributes this to the so-called "new paradigm" - the theory arguing that the indus-trialised economies have settled into a long-term period of high growth combined with low inflation.

"People are more willing to accept interest rate risk when inflationary expectations are low," he says. "Like in any bull market, call options are in demand." Strips share some characteristics with options, such as

leverage and low entry cost. yet to pick up in the strips market. The announcement allowing stripping of government bonds - bunds - was made in July, following heavy lobbying by the banks, and seemingly only in response to criticism that the authorities were slow to

modernise. The expected introduction of the single European cur- to particular problems such rency in just over a year was also a catalyst, as it threat-takeovers, and that they ened to draw liquidity away from the bund market into French Obligations Assimilables du Trésor (Oats).

Conversely, Germany has one of the world's most active repo markets. Repos, gilt securities repurchase agreements, have traditionally been the Bundesbank's main tool for setting monetary policy, unlike the position in the UK and in France where central banks adopted investors to emerging marthis instrument some time ket bonds," says one senior

repos have been operating in the repo market boost for almost two years, the Bank of England started

Strips have taken their time repos in its money market been hindered by the to come to the UK market, operations in March this absence of adequate domesbut analysts and traders year. Both open market and tic clearing and settlements believe they have been the Bank's daily repos have systems. But the higher marbeen a qualified success.

The introduction of strips After fast growth, the market participants. These - the ability to strip stan- amount of outstanding repos margins were propelled

courrency if and when sterling joins sometime early in tutions holding gilts have could really kick-start the had no pressing need for repo market. There is so Bankers say the Bank of cash this year, thanks to

Some analysts also blame

the most conservative inves-

first announced that they rigid stance of market reguwould be introduced. The lators. "We sometimes get pool of strippable bonds, the feeling the Bank of about half the size of the US England would like to limit market, will be the world's repos to the banking commuthird largest, just behind nity," says one US banker in In the longer end of the there is a pool of potential yield curve, where demand users that has yet to be is traditionally strongest, the tapped." These include com-strippable gilt of 2021 is the panies' treasury depart-

tee ample liquidity. With the exception of Liquidity should also be France, the development of favoured by the simplicity of repos in other continental markets has been hindered "UK gilts will be the easi- by fiscal and legal consider-

Growth in coming months

Triparty repo, where a cus-Market conditions are also todian manages the transfers

> Since the first triparty transactions took place in year. In London alone, daily transactions are estimated at an average of between \$50bn and \$60bn, with signs that the market is still growing

at a healthy pace. "It is now possible to raise funds while using different types of securities, in small pieces, as collateral," says Philip Van Hassel, a vice-president at Euroclear, the international clearing bank "There is no longer such a thing as idle cash or

idle securities."

Triparty repos reduce the administrative hassle and give both sides of the transaction added flexibility. For example, when the "lender" decides to sell the securities it does not have to wait for the repo to be unwound. To allow delivery to the new owner without compromising the repo, the custodian will automatically substitute comparable securities as col-

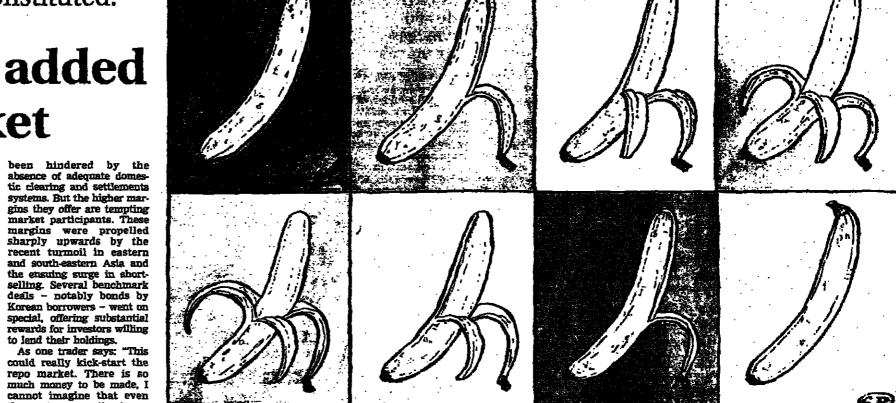
As the technique is perfected, new applications are being explored. Euroclear says that after banks and securities houses, corporate treasurers could become the next big participants.

Equity repos are also still relatively underdeveloped. Although the availability of large blocks of shares makes them an ideal instrument for In Germany, liquidity has repo transactions, their use as collateral has consistently lagged behind that of bonds. This is partly explained by the fact that Euroclear and Cedel, which have underpinned the expansion of triparty bond repos, developed as bond clearing houses and bold relatively few equities.

Also, many traders feel that equities are vulnerable as the risk of mergers and present specific administrative bassles such as rights issues, stock splits, voting rights and dividend payments. Many also perceive the higher volatility of equi-ties as an added impediment.

Most analysts, however, agree that emerging markets are the most promising new growth area. "Everybody knows that declining yields in the bond markets drew while UK open market shouldn't shrinking margins trader in London. "So why

emerging market repos?" The development of repos making daily use of gilt in emerging markets has



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Single currency poses questions

Investment banks are still unsure about regulations that will govern trading after Emu

Europe's repurchase sector is readying itself for dramatic monetary union in 1999. The separation of the repo market along national lines has meant that Europe has lagged the development of the market in the US.

cross-horder flows after the creation of the euro will give Europe the liquidity and depth which has long been taken for granted in the US.

"The European repo market has grown quite dramatically since 1992 but it is still a long way behind the US," said one trader. "Monetary union is just the stimulus it needs to really take off."

Traders say the growth of repo flows in Europe over the past few years has been boosted by a number of factors. First, more investment banks and leveraged finance houses, such as hedge funds, have stepped up their presence in the European markets. The use of repo instruments enables finance houses to improve their leveraging by lending out securities for cash. This enables them in turn to leverage more securities

bought with the cash. Second, Europe's leading central banks have increased their use of repos as their basic tool to manage liquidity in the economy and to set interest rates. The Bank of England joined the bandwagon in March when it scrapped the practice of purchasing treasury bills and other commercial notes through discount houses in favour of a limited form of repo management. The decision by the European Monetary Institute to choose the Bundesbank repo-management system for the future

European Central Bank has boosted this trend. Third, investment banks side Emu by making the

and leveraged funds based mostly in London have securities improving their liquidity, in the gilt repo market securities including - most and German counterparts recently - the repoing of since it was created two emerging market bonds dur- years ago. "Fund managers ing the global market crisis in late October. By shorting some of the worst affected bonds at the right moment. nimbler players were able to make money out of the colbelieve the stimulation of lapse in bond prices. This they were able to do through

> Few, however, believe that Europe will reach in the near future the levels of sophistication seen in the US. In the US a diverse range of securities including mortgage bonds, high-vield debt, yankee bonds and corporate bonds are commonly used in repo transactions. In addition. US investors have the benefit of a highly-developed strips market.

borrowing the securities in

the repo market.

and Germany are only now starting to offer investors the facility to trade and own in London. "There needs to stripped - or zero-coupon government bonds. Fearful for all to follow." that it would be seen as less developed than the French market after Emu, the Bundesbank in July announced the introduction of strip trading on German government bunds. This, it hoped, would boost liquidity in the German government bond market and would thus improve its chances of becoming the benchmark issuer in euro-denominated government bonds after 1999. In addition, Germany has attempted to win market share in foreign currency repo trading by exempting local banks from the minimum reserve requirement in repos with a maturity of less

than one year. Traders say the introduction of the strips facility on December 8 will strengthen tion as a "safe haven" out-

market more liquid. Kevin Adams, gilts analyst increasingly resorted to the at Barclays Capital, says the use of repos as a way of introduction of a gilt strips arbitraging the market and market will boost turnover This has spanned all types of which has lagged its French are waiting until strips are up and running as well, so they can go through everything at once. I suspect that the gilt repo will flourish when strips are under way, and clients can deal in both of them."

On the broader front, investment banks are still unsure of what regulations will govern repo trading once the euro has come into being. Neither the Emi nor the International Securities Markets Association has nublished a market standard to replace separate national conventions after 1999. "It is not clear whether different government bonds will be interchangeable as collateral in the repo market once they Conversely, both the UK are all denominated in euros," said Philip Shaw, chief economist at Inversec be a Europe-wide standard

> Neither is it clear, say traders, what type of paper will be accepted in repo operations with the ECB, which has not published a list of private sector paper that would be exchangeable in addition to euro-denominated government bonds. Finally, confusion remains about settlement facilities. "There are as many central depositories as there are countries and probably more," said one trader. "How many are really necessary?"

> Many of these questions will be answered over the next 12 months. Meanwhile, traders expect volumes to take off after May 1998 when the exchange rates of the participating currencies will be irrevocably fixed against

GUIDE TO REPOS • by Samer Iskandar

Safer lending of securities

All your questions answered about sale and repurchase agreements

What is a repo and how does it work? Repo is an acronym for "sale and repurchase" agreement. It is a safer substitute for securities lending in markets where the repo procedure is

In a repo transaction, the holder of a security sells it to a counterparty and simultaneously agrees to buy it back at a pre-determined date. The counterparty deposits an amount equivalent to the full price of the securities with the original owner. This collateral is transferred again to the "borrower" when the securities are returned to their initial

well established

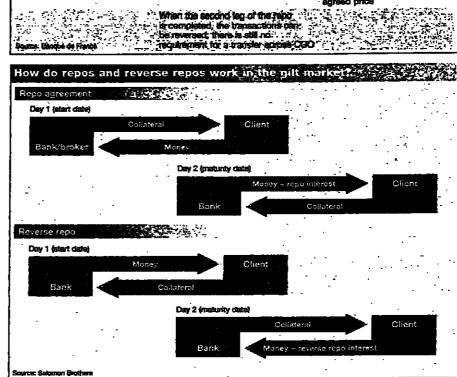
What is the purpose of selling the security if the owner eventually buys it

Repos are a cheap way of raising money. Because the securities act as collateral. the rate at which money is borrowed is usually lower than, for example, the rates

Fund managers also use repos to increase their performance. By repoing out their securities, they can earn revenues equivalent to several percentage points of the value of their portfolio. When a security is in demand on the repo market

- becomes "special" in market jargon - borrowers are willing to pay a premium to obtain it. Several series of Japanese government bonds recently went "on special". They were so much in demand that the repo rate became negative. This meant that an owner willing to enter a repo agreement not only received an interest-free cash collateral - on which it could earn interest - it was also able to buy the bonds back at a lower price. Does this mean repos are a risk-free way of making money?

Example of a repo financing trade Position of Party B Position of Party A Party B common in tel £100m Party A contracts to buy £100m. "A owes B £100m of piles from Party B of dies to party A Party B contracts to buy the Party A contracts to repo the A owes B gitts £100m of gifts to Party B to finance its purchase The two transactions not out, so not actural transfer need be made across the Central gilts office (CGO) At the termination of the repo-financing trade, Party B is to re-sell to Party A glits bought the (reverse) repo at the pre-Party A has locked into a secured financing rate for a term of its choosing, to facilitate its expo to the cash gilt market When the second leg of the repo leted, the transactions of recultement for a transfer across CGO



Not exactly. There are two risks - market risk and counterparty risk. Market risk arises because when the securities are repoed out, the owner cannot sell them. In a falling market, this is particularly frustrating when the "lender" knows it is committed to buving them back at above-market prices.

Counterparty risk is the possibility that the counterparty might not be able to return the bonds at the end of the transaction. This is not as dramatic as it sounds, because when this happens the lender keeps the cash collateral.

But what if the bonds have risen and there is not enough cash to cover the whole amount? This rarely happens, because in most markets repos are "marked-to-market". This means that the price of the securities is calculated every

day. If it rises, the counterparty has to increase the cash collateral by an equal amount. The main costs of a default

are the administrative bassle and the transaction costs of buying the securities from the market. There is also a risk that prices might move during the time it takes to buy the securities on the

market, but this exposure is generally limited to a few hours at the most. If repos increase the overall level of risk in the market, why do regulators tolerate

them? Governments are often the most active users of the repo market. In Germany, for example, repos are the main instrument of the Bundesbank's monetary policy. When it wants to inject cash into the banking system, the Buba enters repo agreements: it takes securities from banks and gives them cash that they can then invest or lend to clients.

Conversely, to drain cash

from the market, a central bank can execute reverse repos: it takes money from commercial banks and gives them government securities as collateral

Repos also make markets more efficient, because they allow traders to go short that is, sell securities that they do not own.

The ability to go short is essential for marketmakers. because they have to make two-way markets - that is. they must be willing to buy securities they might not want and sell securities they do not have.

A short seller typically expects prices to fall and hopes to buy the securities back at cheaper levels. By acquiring securities through a repo transaction, the short seller can deliver them to the buyer while maintaining his bet that the market will

What happens to coupon payments during a repo? The legal owner during a repo transaction is the borrower". So coupons are paid to him if they fall due during this period. However when this happens a cash amount equal to the coupon is paid to the original owner. This is called a

"manufactured payment". Each of the two counterparts then has to sort out its own fiscal position. Does this not complicate matters?

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It can, but participants in repos can also take advantage of this situation. In most markets, domestic holders of bonds receive dividends on which withholding tax has already been levied. while foreigners are paid gross coupons. In markets where regulation does not take this loophole into account, it is tempting for bondholders to repo out their bonds just before a coupon payment to a tax-exempt counterparty, and receive a manufactured payment. This practice is called coupon washing. It is legal in many markets. In the UK, however, domestic investors are taxed on the hypothetical coupon they would have received if the bonds had not been repoed out.

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wise beiore the event

The bank resisted the temptation to gear up for the introduction of gilt repo last year

Times are getting tougher for Europe's repo markets as they approach the brave new world of the single

Having ridden the tide of speculative interest surrounding economic convergence in recent years, European government bond markets, the Continent's repo men now find

themselves in the doldrums to grow rapidly after economic and monetary union in 1999, but at present low interest rates, narrow spreads, and waning activity levels have combined to reinforce the traditional image of the margin commodity product.

It is, claims Matthew Hale, head of global treasury at Bankers Trust in London, time for those banks active in the market to be clever about how they use their resources.

"Spreads have been squeezed out of the repo market and the margins just aren't there any more, he says. "There is a huge community of single-A and double-A banks which are making no significant income from their repo

Mr Hale is happy to admit that Bankers Trust is only a medium-sized participant in the market. The bank set up its London repo operations in 1994, and resisted the temptation to gear up for the introduction of gilt repo last year.

Today, the repo desk comprises just three traders headed by Dane Sparke, a trader who came from Tokai

Avoiding the expensive hiring spree ahead of gilt repo proved to be a wise move. "It has not been very profitable." Mr Hale says of the market's performance since its launch. "For us. with just two people doing gilt repo, we have at least



Paul Hamilic just one of several financi

sonable return." Others, including some of the UK banks that geared . up heavily, have been less

Bankers Trust has avoided such grandiose mistakes partly because of its decision to staple the repo desk together with the bank's other securities lending operations in the treasury division.

Paul Hamill, who is responsible for repo sales and marketing at the bank, says this was because Bankers Trust saw repo as just one of a number of financing services it had to offer customers - a different approach from that taken by many investment banks which lumped repos together with their bond market operations.

Being within the treasury division has helped keep the repo desk responsive to customers and less inclined to drift into the dangerous game of chasing market share, claims Mr Hamill. He also believes it has conferred operational

"If you are arbitraging repos against cash funds or forward rates, it is a lot easier to do that in treasury than on a bond desk." And by linking repo to

other lending functions. Bankers Trust claims to be better able to tailor funding packages for customers that may include other instruments such as swaps, loans and simple stock

lending deals. Mr Hale, who calls this the bank's "one-stop-shop" approach, says that Bankers Trust will sometimes use customer-winning product

in the hope of subsequently gaining more profitable ancillary business elsewhere – a claim that speaks volumes about the market's growing maturity. But if his general tone could be described as a little

downbeat, at least compared

to the hyperbole that surrounded repo two years ago, Mr Hale emphasises that he sees an exciting future for the product. While the gilt repo market has yet to fulfil the hopes of its creators, he thinks that conditions will improve as

the market develops. "One problem gilt repo has faced is that international investors have not shown much interest in the gilt market in recent years," he says. "This should change with the coming of the single currency, when there

should be lots of focus on the UK because of

convergence." Another area expected to show significant growth is that of equity repos, still a comparatively undeveloped market and one into which Bankers Trust has been expanding. Mr Hamill says that the bank's customer focus has given it an advantage in building a

"Equity repos are very because they are still opaque products without any real transparency in the market," he says. "Doing these deals involves daily contact with clients."

Bankers Trust has also been dipping its toes into repos of emerging market this direction by the needs of its customer base.

...Partly as a result of its US parentage, the bank hasclose relationships with a number of bedge funds, natural users of the repo market because they have a constant requirement to fund positions that they hold in securities markets. As hedge funds have

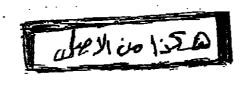
become aggressive investors in emerging markets, 👉 Bankers Trust has been forced to address the problem of how to help its clients finance their positions. Mr Hale says that most of

the bank's involvement has been in Latin American Brady bond markets, due to their deep liquidity.

*Emerging market repos clearly present more risk. and you have to be comfortable with the liquidity of the collateral you hold if the markets turn," he says.

However, he remains convinced that this market will develop in coming years. "If you look at what bas bappened in Asia, you can see it as a major market opportunity because there is a big demand for finance in the region. In a sense, a regional credit crunch plays into the hands of collateralised lenders because unsecured finance simply dries up."

Jonathan Ford



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REPO AND STRIPS 3

UK STRIP MARKET • by Richard Adams

When zero means returns

The Bank of England's new strips market will become active on Monday

The facility to strip gilts comes with strong support from the City of London's financial community. Pension funds and insurance institutions were especially enthusiastic. The attraction for the City is the availability of zero coupon paper and increased flexibility of cash flow made possible by strippable gilts. The first settlements in the market which started this week will take place on Monday. December 8.

Strips are a rare beast in the jungle of financial instruments, offering at the same time security and volatility. They give certainty of return, by removing reinvestment risk, but are much more sensitive to changes in

greater leverage The appeals to the hedge fund community, while the certainty is attractive to those with long-term obliga-

Seven gilt issues have been declared strippable at the start of October, with a nominal £90bn available, or less than 20 per cent of the total gilt market. That is only about half of the potential strips markets in the US and France. In its document setting out the official strips facility, the Bank of England said it was the intention for all new issues of conventional benchmark gilts to be strippable.

The Bank also suggested older issues may be converted into strippable ones of similar maturity, but warned that "any conversion programme is unlikely to be extensive". Interest in the early days

of the facility will centre on the proportion of issues that are stripped, and by which institutions.

Capital, says institutions may not rush in immedinterested, because it's market if a strip was being government bond markets, of the market is based."



make it necessary.

The Bank of England

expects interest to be towards the long end of the

market, for asset liability

matching. But David

Sutherland, director of fixed

interest securities of Scottish

Amicable luvestment

Managers, points out that

even if a third of the jumbo

2015 and 2021 issues are

stripped, the principals

would add up to less than 1

per cent of the current value

of gilt holdings of UK

pension funds and insurance

companies. "In the early

days, the strip market will

not be large enough to

particularly for longer-dated

Market traders are already

preparing for demand for

long principal strips. HSBC

advantage by moving out of

shorter strippable issues and

into the long issues. Traders

advent of strips has already

in the 8 per cent 2015 and

Other analysts point to the

stream.

2021 issues.

Kevin Adams: It will be a gradual process

another way of managing a squeezed, and repo or lend portfolio. But none of us, strips if market conditions hand on heart, can say how it will work in practice," Mr Adams said. "Our impression, having discussed it with various institutions, is that it is going to be a gradual

The experience in France with bond stripping shows that the volume can reach between 60 to 70 per cent of a specific issue, and about 40 per cent of total issues with maturities longer than 10

years. The UK is expected to see about 30 to 35 per cent of eligible issues stripped. along the lines of experience in the US market

One difference in France is satisfy potential demand, that Obligations Assimilables du Trésor (Oat) issues are usually much larger, making a more liquid market. In the UK. smaller benchmark issues could mean a slight danger of an institution cornering an issue. For example, the 7 per cent 2002 Treasury stock has a nominal value of 19bn, can then strip the long gilts which would theoretically to create the principal and cost about £3bn to buy once reconstruct the short gilts to strips means they will

But the Bank has anticipated the problem by preparing large issues with matching coupon dates: the Kevin Adams, gilts 8 per cent 2015 stock and the strategist at Barclays 8 per cent 2021 are the two largest bonds in Europe. And it reserves the right "Everyone is to reopen an issue via a tap strips with strips from other

exchange transaction. The physical act of

to create a forward foreign

stripping will only be able to be performed by gilt-edged marketmakers (Gemms) and, in theory, the Bank of England. Gomms can request a desired amount to be stripped, provided the stock required is available on the Gemms account at the central gilts office (CGO). Gemms are also able to reconstitute bonds.

All strips will be held on the CGO's new settlement system at the Bank, so that gilts held outside the CGO book-entry system will need to be lodged with the CGO before they can be stripped. Personal investors will still bo able to hold strippable gilts in paper.

There are no plans to include gilt strips on the execution only Savings Stock Register, because the greater volatility of strips is thought to make professional advice necessary for personal investors.

Legislation holds open the possibility that Index-linked gilts could be eligible to be stripped at a later date. The authorities think the pool of liquid for an efficient strips market to develop, and there are also problems involving fungibility (interchange-

Analysts say it will be worth watching the behaviour of US Treasury liabilities," Mr Sutherland Inflation Protection securities, which are technically strippable.

Should there prove to be strong demand for holding Markets advise taking strips, the logical step would be the issuing of zero-coupon bonds. The Bank says the possibility will be reviewed in the light of experience. "The high duration of

stripped and the coupons get out of the coupon initially be regarded as a risky variation on 'plain In the repo market, vanilla' bonds," says Mr brokers report that the Adams of Barclays Capital. "But, in fact, strips seen forward position-taking themselves are the purest form which a bond can take because there is no [coupon] reinvestment risk. In time, possibility of exchanging gilt strips will become the foundation on which the rest

IT'S A SIMPLE TECHNIQUE P'VE DEVELOPED FOR HANDLING THOSE INEVITABLE DEALING ROOM JOKES ABOUT STRIPPING! ROPERSEME

Definitions of a new financial instrument

All the answers to separate trading of registered interest and principal

GUIDE TO STRIPS • by Samer iskandar

Why are Strips suddenly back in the news and what exactly are they? The introduction of gilt strips, promised since 1995. is on track. It has been eagerly awaited by traders, fund managers and financial executives of large companies. After several delays, the UK gilt stripping facility will finally be available on Monday, December 8.

Strips - an acronym for separate trading of registered interest and principal of securities - are the different components of a conventional bond separated and traded as distinct securities.

A 10-year gilt, for example, is strippable into 20 half-yearly coupons and one final redemption. The ead result is a series of 21 zero-coupon securities, with maturities of six, 12, 18 months, and so on. What is the point of creating several securities out of a single bond and giving up the revenue stream? Strips are very useful instruments for participants in the financial markets. Paradoxically, they can offer safety and stability to one

highly speculative for others. Unlike bonds that pay annual - or half-yearly dividends, the total return on a strip is known at the time of purchase. This is not the case for conventional bonds, because investors never know in advance the interest rate at which they will be able to re-invest coupons. In the US, where strips have been available since 1985, they have become very popular among people planning their own pension

or house-owners with an lump-sum payment in the future. They are also used by investors with long-term liabilities such as pension

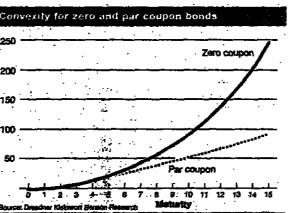
If strips are so predictable, how can they be speculative? The value of a strip is predictable only when the security is held until maturity, when the investor receives the whole notional amount. In the short term, their prices fluctuate more sharply than those of

Because all the cash flows are concentrated at the end of a strip's life, the effects of changes in interest rates or

conventional bonds.

interest-only mortgage and a the purchase price and the redemption price. In the UK. however, income tax will be payable annually on the (theoretical) notional profit which the investor would have made if he had sold and repurchased the strip at the end of each tax year. Will this tax distortion have an impact on the pricing of strips?

In most markets strips usually offer slightly lower yields than the bonds from which they are derived. This reflects the cost of stripping and managing several series of new securities. The disadvantageous tax treatment in the UK could reduce demand for strips.



are amplified. The price of a conventional bond is less affected by changes in expectations or in market conditions. While inflation erodes the value of all future bms enormone and final redemption), this is partly offset by expectations that interim payments will be re-invested at higher rates of interest. How does the absence of income affect taxation? In most countries where strips are available. their tax treatment is favourable for most investors. Capital gains tax; tisually at a lower rate than income tax, is payable

in inflationary expectations

which would result in relatively higher yields than in other markets. But it is unlikely that their yields will be higher than those of conventional gilts. The reason is that just as bonds can be stripped, strips can also be combined to reconstitute a bond. If the sum of the prices of individual strips became much lower than that of a conventional gilt, it would make sense for brokers or banks to buy coupon and principal strips on the market and sell them to investors as the

Conversely, if strips

became much more

Since governments are also the largest issuers of debt, government bond strips are more liquid than corporate zero-coupon bonds making it easier - and cheaper - to buy and sell large amounts. How can gift strips be liquid issues of different sizes and maturities? Not all gilts will be strippable. The Bank of England has designated seven strippable gilts, with

maturities ranging from

The total amount

December 2000 to June 2021.

outstanding of these gilts is

would be an incentive to

strip more bonds and sell

Borrowers, including

companies and banks,

bonds, which are sold to

investors at a discount.

These are in many ways

redemption is tied to the

issuer. In every financial

print money to repay its

market, the government is

because it has the ability to

financial health of the

the soundest borrower

identical to strips, but they

carry credit risk, since their

to strips?

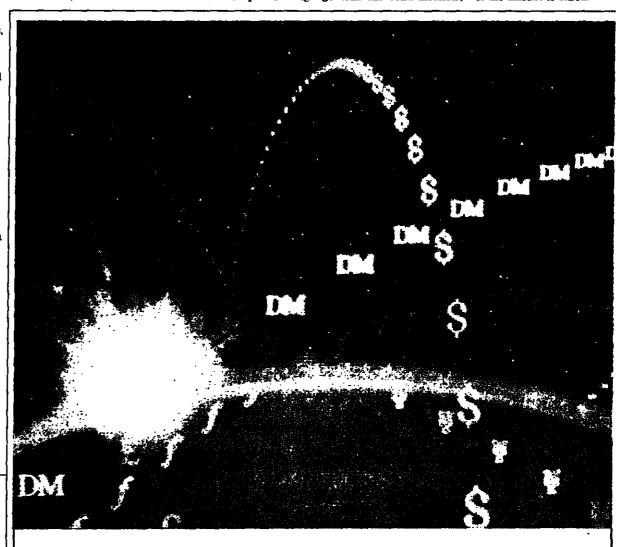
their individual components.

sometimes issue zero-coupon

Are there any alternatives

about £90bn. All strippable gilts pay coupons every six months on June 7 and December 7. As a result, coupon strips will be interchangeable, regardless of the gilt issue from which they were stripped. Forty-seven different coupon strips will be available initially, with maturities from June 7 1998 to June 7

2021.Principal strips, however. will be differentiated. Investors will initially have a choice between seven different maturities: December 2000, June 2002, December 2005, December 2006, December 2007, December 2015 and June



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The Financial Times plans to publish a Survey on

End of Year Review of Investment Banking.

on Friday January 23 1998

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Specials spoil the action

Repos have been a success but the market has not vet fulfilled all the high hopes for it

Two cheers for the gilt repo

An open market in gilt securities repurchase agreements has been operating for almost two years, while the Bank of England has made daily use of gilt repos in its money market operations since March this year. Both operations have been a qualified success, according to market participants.

The use of repos has been a useful addition to the range of instruments available in the sterling market. But neither the open market nor the Bank's operations have yet fulfilled some of the higher hopes that were originally held for them.

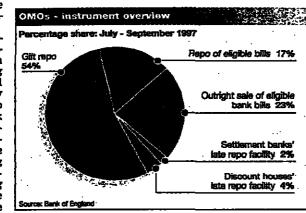
The open market grew rapidly during 1996. But the latter part of this year has seen the amount of outstanding repos reach a plateau, and then fall back between May and August, from £79bn to £71bn according to the Bank of England's quarterly survey. Using a different measure, Garban Europe - the institutional repo broking arm of Harlow Butler - estimates total gilts outstanding were £100bn at the same time, but still lower than the previous quarter.

The Bank itself says the but with an increase in daily turnover to £18bn. Gilt repo is now said to account for about one half of overnight sterling transactions. The Bank says 69 per cent of recent turnover was at the short-end, in overnight or

Given the amount of outstanding gilts, the totals in the open market would traded in the repo market remained small Retail institutions, such as pensions, life assurance companies and fund managers, have been reluctant to get involved, so the potential_office or even back office market remains much larger than the actual one. Kevin Adams, gilts analyst at Bar-



Philip Shaw: no clear commercial advantage for banks to act as counterparties



clays Capital, said: "There is market was "generally quiet still an awful lot of people during the summer period", yet to play in the market, and that's slightly disappointing."

In theory, the cheaper sources of funding through repo should attract investors. But there are several reasons behind the reluctance of institutional gilt holders to use repos. The market is new. Involvement entail hiring new staff or setting up repo desks, and the legal complexity of new repo contracts. Since many retail institutions see their stock management as a middle operation, they may not want to use the facility. "Many fund managers and

institutions do not look at their stock from the front desk," said Jonathan Boyd, director of the sterling division of Harlow Butler Ueda.

Some fund managers think it more important to keep their gilts on hand to trade, and do not want to sell a stock only to find out that it has been repoed for a fortnight. And a small but still worryingly frequent failure to deliver gilts at the end of contracts has not helped.

Lending of gilt stocks - a tried and trusted method for many institutions - has not dried up, as some predicted. In the 12 months to August, lending actually rose by 22 per cent in value, compared with the previous year. Given that stock-lending can

The repo market should also be popular for cash and carry arbitrage, buying a CTD issue on the cash market while selling a gilt futures contract, and funding the position via repo. But so far, the link between HE'S TERRIFIED SOMEONE'S GOING TO STRIP HIS GILTS the repo and the futures market continues to be weak, unlike in the US. Solving the problem is not

easy. The Bank has defended marketmakers in gilt repo, by saying that there are akin to market-making func- set up. The Bank will contions". But market-making shape to the market, by drumming up business

be less secure than using

repos, some participants con-

clude the repo market is sim-

ply not attractive enough.

"It may be that stock lend-

ing has increased because

clients are aware of the pos-

sibilities offered by repo, but

aren't able to use it," Mr

Part of the reason has

been the lack of specials -

particular gilts in high

demand. Dealers bidding for

a special will compete by

reducing the repo rate on

the cash offered in exchange

for the security, usually by

5-10 basis points below the

prevailing general collateral

rate. The most common rea-

son for a special is a stock

that is "cheapest to deliver"

(CTD) to settle a futures con-

tract. When an issue goes

special, the open repo mar-

ket comes into its own. But

few issues have "gone spe-

cial", compared with the

more active German bund

market. Paul Cumbers, asso-

ciate director of Garban

Europe, said the lack of spe-

cials activity was disappoint-

ing. "It discourages bond

market professionals from

playing," he said.

Another reason is that gilts have had no pressing need for cash this year.

cheaper finance available through it, will have to wait until conditions tighten before starting to take off.

The recent slow growth in the open repo market may also have hampered the Bank's operations, which started using gilt repos to provide liquidity to the money market earlier this year. Previously, the Bank had relied upon buying back Treasury and eligible bank bills through discount houses. Repos were introduced and the special status of discount houses - along with gilt-edged marketmakers - was phased out. Instead, the Bank was to rely on counterparties, banks willing to deal regularly with it.

At first, the introduction of the daily repo reduced volatility in overnight interhank lending rates But more recently, levels of volatility have moved back to where they were before the

introduction of repos. Market observers say the use of the repo has been more successful than the Bank's previous system. The previous reliance on bills left the market vulnerable to institutions such as Natwest and Barclays, which held large chunks of bill issues. Using the repo gave a potentially much wider pool of liquidity for the Bank to call

But the change has not seen much increase in the Bank's counterparties. The Bank does not say how many counterparties it has, but observers estimate there are 20 to 25 institutions dealing in repos directly with the Bank, but only around eight which are "active", willing to deal on a daily basis to clear shortages. Some banks thought likely candidates to be active counterparties have chosen not to do so.

Philip Shaw, a money market specialist formerly at Union Discount, and now at Investec, said there is "no clear commercial advantage" for banks to act as counterparties. Others are more critical, especially over the run-down in the size of the Treasury bill market, which has shrunk from £21bn in 1995 to £3bn. The situation has been

complicated by proposals to

change the government's cash management procedures, ending its Ways and ity requirements have made decision not to appoint Means overdraft with the Bank of England. Cash manket more difficult for them. agement will be transferred around 20 institutions pro- to the new Treasury debt viding "what can be seen as management agency being tinue to use the money marstatus might give a better kets to operate monetary policy, but the Treasury will handle exchequer inflows and outflows. The details many institutions holding have yet to be decided, but it seems likely the agency will issue its own bills, and may

Loans in the French domestic market Average delly turnover during fourth quarter 1996, FFm Same day (24 Hours) - 61:165 1 day & Bridge 3 454 1,031 - 8 days ≤ 1 month > 1 month ≤ 3 months ? 253 1,504 133 > 3 months ≤ 6 months 2.571 10 . THE PARTY OF THE P

FRANCE • by Grog Smosarski

boost activity

After spectacular growth the repo market suffered a 20.5 per cent drop in 1996

Liquidity and low counterparty risk have turned repos into one of the most widely used money market instruments in Paris, accounting for about 40 per cent of daily turnover in the interbank market. Indeed, an article in the Banque de France bulletin suggested that the efficiency and the depth of the French repo market would give it a significant role in the euromoney market that would follow economic and monetary union in 1999.

After steady growth since 1988, and a spectacular doubling of volume between September 1994 and December 1995, the French repo market suffered a 20.5 per cent drop during 1996. This was due to a general reduction in the activity of the French money markets. But the repo market suffered a smaller drop than the interbank market as a whole, which saw volume down by some 25 per cent.

Repos in the resident interbank market averaged FFr69.8bn (\$12bn) a day in the final quarter of last year. according to Banque de France figures. But if all repo transactions by all market operators were included, the daily total would be more like FFr209.98bn a day.

Repos could not have grown as spectacularly, if they had not responded to real needs. At their simplest they allow bondholders to finance their portfolios by borrowing against them. This facility has been used widely by French banks especially the medium-sized ones - because higher qual- and Treasury bills. access to the interbank mar-

But more complex transactions also allow market operators to arbitrage their way up and down the yield curve. The market has also had the support of the authorities. Since July 1994 a group of 12 marketmakers - known as spécialistes en pensions sur valeurs du Trêsor (SPVT), and increased to 20 in February 1996 when it was integrated with the spécialistes en valeurs du Trésor

(SVT) - has been ensuring liquidity. They have been obliged to make fixed interest rate quotes for at least the tom-next (following day). one week, one month, and three-month delivery dates for minimum parcels of FF1500m for the two nearby dates, FFr200m for one month, and FFr100m for

three months. The authorities also changed the law to allow the immediate annulment of a repo transaction if one of the parties failed, and the immediate unwinding of the transaction. This was a significant advance in a legal system where settlement of debts normally has to wait until the court-appointed administration has been able to turn the business around, or it has failed and the court has pronounced liquidation. Unsurprisingly, this has benefited the repo market in a climate of falling bank profitability and tighter risk

Additional security is provided by a system of initial margins and subsequent margin calls.

Further aid to the repo market takes the form of fiscal neutrality, which means that transactions are not subject to direct tax. This was written into the law of December 31 1993, but had already been recognised by the finance ministry in December 1990.

At the same time, the Banque de France has started using the repo market for its day-to-day liquidity injections into the money markets. The bank has been signing repurchase orders on French Treasury bonds since July 1990. More recently, from January 1996, it has also been using mediumterm bonds, Bons à Moyen Terme Négociables (BMTNs),

The repo market is also expanding to accommodate Titres de Créances Négociables (TCNs, medium-term paper such as CDs), and public sector bonds, as well as bonds denominated in Ecus. Another expected development is the "pension tripartite" (tripartite repo), in which a depositary will be involved with a view to reducing the administrative costs incurred.

Future growth for the French repo market can be more responsive to interest expected when the insurance rate movements.

premiums that they will collect for the funded complementary retirement pension plans for the 14.5m private sector employees. The impletives following the Thomas Act passed on March 25 this year, which extended funded pensions to this cateonly completed this autumn.

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The insurers should also be clients for the strips market. Strips were announced in France on May 23 1991 making the French Treasury the first European sovereign borrower to allow this. The first operation - "dismembering" an Obligations Assimilables du Trêsor (Oat) 8.50 per cent due 2019 - took place on June 12 of that year. In fact, the French Treasury was seeking to make French public debt attractive to potential buyers of zero coupons.

Strips are now allowed on all Oats, including those denominated in Ecus (since January 1994). As of the end of September this year, the stock of strips amounted to FFr207.19bn, out of a total stock of outstanding Oat and long- and medium-term French franc debt of FFr2,013.54bn (excluding FSRs), plus Ecu747bn of strips out of an ecu total of Ecu22.65bn. As at the end of 1995, the corresponding figures for strips stock were around FFr150bn and

To maintain liquidity, the SVTs are expected to make markets, and the underlying Oats may be split up and recombined more or less at will. In addition, the coupons of the same due date have been decreed as fungible (interchangeable), even if they originate from Oats with different maturities. To encourage this fungibility, pons is nominally set at FFr5 or Ecu1.25. (Principal is traded on lots of FFr2.000, or Ecu500.)

The strips market has improved the Treasury paper market, commented the Treasury, by giving it an extra dimension. Among the advantages listed was allowing investors to boost the performance of their portfolio by making their bonds

WHILE HE'S NOT LOOKING

because of the overall state be a repo counterparty with of the market. In that case, the Bank. **GERMANY** • by Graham Bowley Over 25 years in the international

securities market ... "ISMA Setting New Standards"

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INTLENATIONA SECTRITIES MARKET Association

res fixed on a glittering prize

After losing ground to rival countries, Germany is now modernising its market

With European economic and monetary union on the horizon, the German government bond market is being readied for battle.

At stake is the glittering prize of being the benchmark government bond market in the European-wide bond market planned for the next century when Emu is scheduled to be up and run-ning. Last summer the German authorities took two big steps to help it win that

Germany has traditionally been among the most attrackets in Europe, with the German government paying some of the lowest yields on its official debt among most European countries. How- markets. With fewer buyers ever, concerns had recently of German debt, one consebeen raised about the authorities' willingness to been a potential rise in the modernise, prompting fears that Germany was losing ground to rival countries which were pushing ahead with reforms.

The first step came in July when the authorities made the long-awaited announcement allowing for the first time in Germany the stripping of government bonds. Strips - which are created when a conventional bond is broken down into its coupon payments and principal. which can then be held or

such as the US and France.

But Germany had until for investors and traders to this year held back, showing exploit the German yield a reluctance to innovate curve. which deepened concerns about the continued attrac-

Strips appeal to a wide spectrum of investors, including pension funds, insurance companies as well as private investors. Since they offer income payments at restricted points in time rather than the long stream of payments of conventional bonds, they present a more efficient way for an investor to match income with liabilities. They also remove the reinvestment risk presented by income payments which are a feature of

tiveness of German bonds

for investors.

conventional bonds. The failure of the German tive government bond mar- authorities to provide these innovative financial instruments raised the possibility that investors might instead turn to alternative bond quence of this would have interest rate the German government would have had to pay to borrow in the bond market - a state of affairs the German authorities were very keen

to avoid. "A strip market [in Germany] is another step towards a more transparent and efficient debt market. The decision to allow stripping stems also from the impending decision on Emu and the increased competition among European capital traded separately - have markets," according to analong been a feature of other lysts at Dresdner Kleinwort countries' capital markets Benson. "The stripping facilsavings banks. They com-

The second step by the German government also came in July when, to coincide with the opening of the strip market, the finance ministry signalled that the country's debt would be converted into the euro, the planned single currency, at the scheduled start date of economic and monetary

The authorities' move ended months of speculation during which doubts had

7.5 15/1/23 1994

comparison of international markets > 10 years May 1991 May 1991

attractiveness of domestic

Germany's big banks had mounted a vociferous campaign to persuade the government to convert the debt in 1999, when Emu is scheduled to start, but the finance ministry had held back. Germany's banks were worried they would lose business to rival banks in countries which had already decided to redenominate debt into the euro.

But the government had

plained that the cost of redenominating the debt would be too large. The small savings banks hold bonds on behalf of individual customers and were concerned that redenomination, and the associated recalcula-

would be too costly. However, the views of the bigger banks prevailed along with growing concerns that delaying redenomination would allow other countries which had already

tion of customers' accounts,

again been raised about announced they would go their willingness to embrace ahead with redenomination change to boost the in 1999, such as France and the Netherlands, to steal another march on Frankfurt.

The finance ministry said that redenomination would affect about DM450bn of German federal debt - although the final sum could be much more if the individual state authorities decide to follow

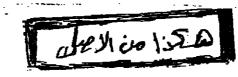
But as well as boosting Germany's hopes that its bonds would be the benchmark in the pan-European capital market, the decision to redenominate was in addi-

come linder enormous pres-sure from Germany's small the planned single European bond market and the single

currency itself. Although countries joining Ema are not required to convert existing debt into the euro until 2001, several countries had already committed to redenomination, in part as an act of confidence in the single currency project. Without Germany has the most important bond market in Europe - there continued to be lingering doubts about whether the German authorities really believed Emu - and the European-wide bond market would go ahead.

The decisions to allow stripping and the redenomination of debt mean the German bond market is now well-placed to compete for investors if European countries do decide to go abead with Emu in just over a year's time.

Unlike in the UK, where the repo market - for the sale and repurchase of government bonds – only began life in January last year. Germany has a long-established repo market. It is used extensively by the Bundesbank, the German central bank, to set monetary conditions in Germany by adding or draining money from the financial market. And it is this German interest rate model - in which short-term money market interest rates. guided by repo operations by the central bank, would move within an interest rate corridor bounded by a lower deposit interest rate and an upper lending rate - which is likely to be adopted for



The Property County Mills

Fast take-off for trading of strips

The market was boosted when all new Treasuries became eligible for stripping

US experience suggests that trading of gilt strips will quickly gain momentum and have an effect on both gilt have only one future payprices and repurchase rates. It could also help US-based banks to extend their influence within the City of London, as they use the expertise their dealers have developed in pricing and manipulating the US Treasury strip and repo markets to win gilt market

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Samuel Andrews

the event

The US Treasury introduced its separate trading of registered interest and principal of securities (Strips) programme in February 1985. Trading of the constituent principal and interest rate payments of individual Treasuries has been developing in popularity with investors since then, and a move in September to make all new Treasuries eligible for stripping has given the market a further boost.

As of October 17, \$233.5bn of Treasuries were in stripped form, or just over 25 per cent of the \$912.4bn of Treasuries eligible for stripping. Net stripping of Treasuries during October was \$862m, but this gives a misleading picture of strip volume – there was around \$17.6ba of gross stripping of Treasuries during October and \$16.8bn of reconstituting the Treasuries from their stripped form back into complete issues.

Until September, only fixed rate Treasuries with maturities of beyond 10 years had been eligible for and inflation-linked notes are now eligible for stripping, and a move to make the coupons on separate inflation-linked issues fungible (interchangeable) is planned within the next few weeks, according to Roger December 8. Anderson, deputy assistant ing at the US Treasury. However, there are no plans to launched before the September rule change that have

maturities shorter than 10 driving the increasing fre-

users of Treasury strips. Once a Treasury has been stripped the individual components are known as zero coupon deals, because they do not have explicit periodic interest payments. As they are deeply discounted and ment date they are popular as investments for retirement accounts, or as gifts to children.

They are also used by professional investors looking to exactly match their assets and liabilities. The greatest flow of strip trading is carried out by dealers looking to exploit perceived arbi-trage opportunities in strip value against the underlying Treasury curve. However, they are also a popular looking to place a rate. leveraged bet on price direc-

Warren Buffett's Berkshire have been a big buyer of Treasury strips during the summer months, for example. As strips are bought at a potential upside than repo," he says. straight Treasury purchases valued near par. The strips which Berkshire Hathaway between 2017 and 2022), have appreciated in value even more sharply than straight

the extent to which strip trading affects Treasury tor in Bank of England deciprices and repurchase rates. Efficient trading of strips should help iron out anomalies in the shape of the Treain and out of strips a tempo-

of equities into Treasuries in

suries is one of the factors decisions.

quency with which bonds There are a wide variety of are trading on "special" in the repo market. If strips are bought by investors who intend to hold the deals until maturity then there are fewer Treasuries in the particular issue in circulation. This increases the likelihood that a dealer short of Treasuries will be forced to make cheap loans in return for

The state of the s

And this fall in the repo rate also has the effect of pushing up the spread between interest rate swap levels and the underlying Treasury benchmark, as the availability of cheap funding

via the repo market increases the attraction of paying fixed rate on a swap. This in turn can create an arbitrage opportunity to issue fixed rate debt and instrument with investors swap the proceeds to floating

Roger Anderson at the US Treasury downplays the extent to which strip trading Hathaway fund is said to moves US repo rates. "By and large most issues do not get stripped until they are a year or so off-the-run (away from use as a benchmark) discount they have greater and no longer on special in

Not all dealers are convinced, however. And the advent of strip trading in the is said to have been buying UK might have the effect of conventional repos by (mainly with maturities increasing the tendency of gilts to trade tightly in repo. This in turn could play into the hands of the US dealers issues during the recent active in London who are "flight to quality" move out already adept at engineering Treasury repo squeezes, and exploiting the effect on swap There is some debate over spreads. It could also become a fac-

sions on whether to increase existing gilt issues, or launch new securities. The recent move by the US treastripping. But short dated sury curve, with the arbi- sury to re-open the 6.125 per trage on offer from moving cent coupon August 2007 security, rather than issue a rary phenomenon. This new 10-year bond, was could certainly have a widely interpreted as a move short-term impact on the to ease a repo squeeze in the price of the gilts that will be bond. The issue had spent al in the repo extrapolate from the US England may soon have to allow stripping of deals experience. Many traders factor similar considerations think that stripping of Trea- into its debt management



James Tomkinson (right): cash is the oxygen

TRIPARTY REPO • by Michael Prest

source of

The attraction of triparty repo is that it helps to maximise returns on capital

Triparty repo is one of London's fastest growing but least known financial markets. Since the first deal involving the European Bank for Reconstruction and Development in 1992, the market has expanded to transactions worth between \$50bn and \$60bn a day. And all the signs are that it will continue to grow.

The market differs from employing a middleman or agent - the third party - to hold bonds offered as collateral by the borrower to the lender. In Europe, the agent is typically a clearing organisation such as Euroclear or Cedel, or a global custodian such as the Bank of New York. Euroclear sees a half or more of the City's triparty repo bargains pass through

its doors. On one side of the bargain are cash-hungry broker-dealers which need to finance their operations. "We use cash coming in as the oxygen of the business," said James Tomkinson, director of repo products at Nomura International, the Japanese eligible for stripping from much of the months before investment bank, in London. the quarterly refunding at On the other side are cash-The effect of the introduc- the start of November trad- rich houses, characteristirepurchase rates is harder to market. The Bank of home for surplus funds. Some banks, notably the big European banks, may find themselves being cash-takers in one part of their group

and cash-providers in to keep track of customers' lar and D-Mark collateral another part. The attraction for both ply has to agree with the more than Libor, compared sides is that triparty repo lender which stocks are

helps them to maximise Securities houses accumulated big inventories of bonds during the 1990s, which can be turned to advantage as collateral. Miguel Hennessy, an executive director of Morgan Stanley, the US investment bank, in London said: "It's the most flexible source of funds for the firm.

Lenders have the same objective. Banks' balance sheets have been rebuilt during the 1990s. Competition has shaved the returns from conventional lending and money market activities. Financing repos has become increasingly enticing. Tim Keenan, global repo product manager for Barclays Capital the investment banking division of Barclays Bank, one of Britain's biggest banks, said: "Everybody is wanting to know how to get more juice from the yield."

Using a third party suits both sides as well. One of the main drawbacks with conventional repo is the cost and inconvenience of delivering the security to the lender. Triparty repo eases the problem because the clearing organisations and

acceptable as security and notify the custodian.

Needless to say, it has not always been quite that easy, especially in the market's now to fund transactions formative years. Systems were not in place to ensure the necessary speed and accuracy of transactions. and legal wrinkles had to be ironed out. Above all, the leading investment banks. which have largely driven the market's development. had to persuade the lenders that their money was safe.

"That has now broadly been achieved. People are to keep up the momentum of very comfortable with it now. They wouldn't want to go back to bilateral repo," Mr Hennessy said. With perhaps 75 cash providers and most investment banks in the market in London, triparty repo has come of age. The value of daily transactions jumped from about \$30bn last year to \$50bn this year. Houses such as Nomura and Morgan Stanley are doing around \$7bn in triparty business daily.

A sure sign of the market's relative maturity is that pate in the market. lending spreads have narrowed. Victoria Cole, a vice-president of Morgan Stanley in London, esti- dollar market at the custodians already hold the mated that securities houses moment. Some countries, future growth will come stock and it is their business which offer good quality dol- such as Italy, which is one of from."

portfolios. The borrower sim- can finance themselves at no kets, have legal restrictions with 6 basis points over Libor a few years ago. Another indication of the

market's maturity, said Mr Keenan, is that it is possible using hundreds of different bonds as collateral. Borrowers have sought, with some success, to persuade lenders to accept lower-rated paper, and that has allowed borrowers to use nearly all of their inventory, "We're all hunting out borrowers who will accept lower quality paper," Mr Tomkinson said.

The question now is how growth, even if the market is unlikely to expand in the next few years at the same pace as recently. One way is to find new lenders. Investment banks are pinning their hopes on corporations. particularly multinationals with big treasury operations. corporate pools of liquidity, Mr Hennessy said. Cedel. one of the main agents, has launched a roadshow and held dinners to try to persuade companies to partici-

New currencies and countries could also expand the market, which is mainly a

Europe's biggest bond marwhich have hindered the use of lira-denominated bonds in triparty transactions. Tax problems have held back the Swiss market. The French bond market remains overwhelmingly domestic. But many of these obsta-

cles are being overcome, and

there is broad expectation in

the market that economic and monetary union and the introduction of a single currency will speed up the process. With luck, triparty repos may even develop from a largely transaction or commodity market where deals last a month or two into an investment market where investors will hold position for a year or more. Nevertheless, warns Ms Cole, it will not all be plain sailing. "I wouldn't want to reach the stage where we didn't have enough stock to satisfy future demand," she said. All parties agree that plenty of room remains to improve the speed and efficiency of transactions

between the borrowers, lenders and the agents. It can take two days to complete transactions in some currencies. The ideal is to conduct business in real time on the same day. Mr Keenan said: "Greater speed and efficiency is where a lot of the

JAPAN • by Gwen Robinson

Taxes curb growth prospects

The current financial crisis has slowed the mini-surge in the nascent market

Japan's repo market owes much of its short but extremely active life to the collapse of Barings bank in 1995 and the resulting push for financial reforms.

The debacle at the UK bank exposed the dangers of the prevailing system of uncollateralised bond-borrowing and lending, and hastened the Japanese government's plans to develop a domestic repo market.

Much of that market, however, moved offshore along with trade in Japanese government bonds due to a tax on securities transactions the transfer tax. To avoid this, participants in Japan's repo market lend and borrow JGBs at prices marked to the market every day.

Lately, however, the miniboom in Japan's nascent repo market has slowed amid growing concern about Japan's financial problems. including the collapse of Yamaichi Securities, the fourth-largest broker.

Before April last year, a quasi-repo market existed through gensaki transactions. These took the form of securities sales contracts but essentially were credit transactions involving the sale of securities by one party to another for cash. The seller agreed to repurchase the securities from the buyer at a certain time for roughly the same amount as the original price plus interest.

Under strict regulations governing short-term credit, the gensaki market was the only Japanese short-term credit market in which ordinary companies could participate directly. But its growth has been slow due to the securities transaction tax levied on domestic and for-

eign sellers of bonds. in 1989, the advent of 10year JGB futures contracts sparked new demand for borfor taishoku transactions lending bonds in exchange for fees but no collateral.

When Barings collapsed. however, Japan's financial authorities were forced to focus on establishing an orderly repo market. It was also regarded as a way of increasing the liquidity and efficiency of the JGB market, notorious among the leading bond markets for its rigidity and inefficiencies.

The repo market now combines elements of the old gensaki and taishoku markets. Like gensaki transactions, the new market involves the exchange of money equivalent to the value of bonds. But as in the traishoku market, there is no sale of bonds and no require-Unlike the old taishoku transactions, the new mar-ket imposes no restrictions on the use of cash collateral.

fuelled a mini-surge in the repo market, attracting foreign securities houses as well as domestic banks and brokers. Trading reached about Y26,100bn at the end of September, against an average monthly Y9,450bn the previous year, making it the second-largest money market behind the callmoney market. "Basically the market moved out of the dark ages into modern times," said Mark Dearlove,

tal, Tokyo. But the recent financial crisis has hit the market ment system. hard. Dealers say Japanese regional banks, among the most active bond lenders in the repo market, have pulled back from bond-lending operations and liquidity is drying up.

head of repo at Barclay Capi-

Signs of increasing pervousness among investors coincided with the Bank of Japan's move to officially launch operations in the repo market. The bank had played an important but indirect role through operations in the JGB market. Officially, it focused on rowing bonds. Japan's big the gensuki and discount-bill

tutions fuelled the market its gensaki operations are about Y3,500bn a month. But by late November it

was injecting massive amounts of funds into the repo market through bondborrowing operations. Earher this year, however, the central bank was eyeing the repo market as a potential tool for controlling money supply and steering short-term interest rates, a view tempered by financial

The transaction tax will continue to be a drag on growth in the domestic JGB market and will prevent the domestic repo market from becoming a full buy-sellback market. The strongest growth has been offshore, where leveraged hedge funds use the market to finance ment to pay transfer tax. long JGB positions and cover short positions.

Another area regarded as a glaring anomaly in Japan's repo market is the "no-fail" rule in JGB trading. There is no written law specifically The changes in April forbidding fails, but "administrative guidance" - the code term for finance ministry direction - has ensured that failed trades are taboo, carrying penalties ranging from written apologies to authorities to suspension of

trading licences. The no-fail tradition perpetuates the JGB market's rigid structure. Under a system which requires trades to be settled all at once at the end of the day, a failed trade would trigger knock-on effects throughout the settle-

nature is further complicated by the practice of "settlement kabuki," a device for non-Japanese residents to avoid withholding tax on JGB transactions. Japan is in the nearest JGB futures the only leading market to contract or futures options apply such a tax to interna- reaches a certain limit. tional investors.

To bypass the tax, most non-resident buyers of JGBs do not become the registered owners of their bonds. They trade JGB name registration forms (NRFs), the modern equivalent of warehouse receipts. These are simple

from the registered holder of the JGB, requesting change of registration of ownership. They are usually delivered to local custodians and held without effecting the change. The bond remains legally registered to the issuer of the NRF.

Reforms to the JGB settlement system have streamlined the process from the original arbitrary settlement date calendar to a T+7 basis in September 1996 and, since April this year, to a T+3 rolling settlement of three day cycles. But they had a downside in the light of kabuki, increasing the likelihood of fails in trades involving non-Japanese residents in a system which makes no allowances for human error.

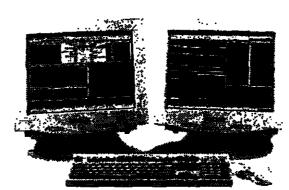
"In any market with implicit no-fail regulations, it is essential for any repo trader to pay particular attention to supply and demand considerations,' noted Daiwa Europe in a report. "Where one counter party has a large proportion of an issue, one is left open to the possibility of short

Well before the recent unheavals, repo traders were warning of a repeat of last year's liquidity squeeze when hedge funds were believed to have driven up the price of the two cheapest deliverable bonds against the September 10-year bond futures contract.

The financial authorities have warned foreign brokers against manipulative trading and imposed a new position-The system's arcane reporting requirement on Tokyo Stock Exchange members to start this month. They will have to report whenever their own or their customers' net open interest

> For the short and medium term, dealers and analysts are generally pessimistic, although many believe consolidation is overdue. In the longer term prospects, they say, are good if the govern-. Bang programme.

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FUND MANAGERS • by Jonathan Ford

Slow march holds up development

Corporate treasurers are beginning to use repos to manage surplus liquidity

The launch of government bond repo markets in the UK and in Japan marked the latest step in the headlong worldwide development of repos as a money market tool over the past decade.

Excluding the US, where it has a longer pedigree, the repo market is only about 10 vears old. But such has been its growth in that time that it now represents one of the world's largest financial

"Repos are the key market product of the 1990s in the way that certificates of deposit were in the 1980s,"

International repos have their origin in the activities of US investment banks such as Morgan Stanley and Goldman Sachs, which had long experience of using repos as a financing tool in the US and brought the product to

their huge holdings of securities and lack of a deposit base, are ideal candidates for repos because of their need to finance their positions. "Due to their relatively ket more sophisticated as it

Investment banks, with

siender capital bases, investment banks required all their assets to fund themselves," says Mr Hale. The market was able to develop because large com-

mercial banks - which had little need to finance positions but did have surplus liquidity they wished to put to work in the money market - were attracted to the collateralised nature of the funding that repo borrowers In recent years, tighter

capital adequacy requirements for unsecured lending and growing fears about says Matthew Hale, head of credit quality have, if anytreasury at Bankers Trust in thing, heightened these

Margot Lyons, a director of Nikko Europe, says that one of the biggest boosts for the market came when Barings Bank collapsed two and a half years ago.

"Barings scared a lot of people and made the market Europe in the 1980s when a great deal more credit-con-

allow counterparties to a transaction to appoint a third party clearing bouse or custodian bank to handle the administrative tasks involved in repo. This includes handling all operational tasks, including

marking to market, ensuring that collateral meets eligibility criteria and safeguarding the securities in a segregated

From their initial base,

international repos have

since expanded, sucking in

more users as the market

grows ever deeper. This pro-

cess has also made the mar-

seeks to accommodate new

For instance, within the

UK's young gilt repo market,

banks have already noted

growing interest from corpo-

rate treasurers, who are

slowly beginning to use the

product as a way of manag-

Even more than banks.

corporate treasurers are

attracted to repos because of

their collateralised nature,

which limits credit exposure

to counterparties. Within the

cally been one of the main-

However, this market has

been slow to develop mainly

because most companies,

lacking the huge bond inven-

tories of banks, have not the

sophisticated settlement

systems in place to manage

One way the repo industry

has attempted to address

this is through the creation

of triparty repos. These

such transactions.

stays of the repo market.

ing their surplus liquidity.

entrants.

ment of emerging market repos - designed to fulfil the requirements of investment banks and hedge funds that have substantial positions in emerging market bonds.

The market has also seen the emergence of equity repos, which have developed over the past 18 months and are seen by many traders as the brightest hope in the THANKS TO MR FINANCIAL GENIUS HERE 'REPO' HOW MEANS REPOSSESSION AS FAR AS WE'RE CONCERNED



believes there are obvious

reasons for fund managers

to join the market. "Repos

are an ideal re-investment

tool for fund managers,

allowing them to extract

greater value from their

portfolio by repoing out

bonds and re-investing the

proceeds in higher-yielding

securities," she says. But fund managers have

yet to see the light, and their

continuing non-participation

is holding back the develop-

ment of the gilt repo market

because they are substantial

Mr Hale says the lack of

enthusiasm shown by fund

managers is at least partly

due to cultural differences.

Unlike banks, they are sim-

ply not in the habit of

portfolios. Furthermore,

they do not have the

systems in place although

this problem could poten-

tially be circumvented by

However, he believes things could change if they

potential for economic con-

"If there was a sufficient

the use of triparty repo.

holders of gilts.

funds, life assurance compaindustry. nies and fund managers - to "There is tremendous potential for growth in equity repos," says Mr Hale. Some observers are per-Alongside the creation of plexed by this. Ms Lyons

new classes of repo, the market has also seen participants become more sophisticated in their use of existing products, offering further opportunities for growth. For instance, commercial

and investment banks have found other uses for repo than simply as a lending or financing tool, and increasingly use the product as a way of actively managing their portfolios.

For example, repos can be used to arbitrage up and down the yield curve - a technique known as running 'matched books''.

If a bank believes that interest rates are likely to rise, it can repo bonds for a long period, say a year, to raise cash, which is then onlent over a shorter term.

This locks in the bank's Other recent developments funding rate, protecting it have included the develop- from the expected rate rise. while allowing it to take advantage of higher rates available in the short-term markets. But in spite of all these

successes, there remain had a strong economic incentive to get involved. blank spots. One of the more notable of these, at least One hope in the market is within the UK's gilt repo that, with the coming of the single currency in 1999. market, is the continuing reluctance of retail investinternational investors will take more interest in the ment institutions - pension gilts market because of the

EMERGING MARKETS • by David Cowan

Cash-rich investors seize opportunities

The main participants in emerging market repo are the domestic banks

opportunities in nascent markets against the use of what many believe to be the safest of financial tools, namely repo. However, recent problems in emerging markets have had a knock-on effect in repo and fingers have been burned, with one leading inter-dealer broker recently closing down its Mexico City desk due to the turmoil. Despite these problems,

cash-rich investors are taking advantage of the opportunities in emerging markets, as debt issuance from such countries increases. The main participants in emerging market repo are the domestic banks, but there has been a steady inflow of interest from international banks, hedge fund managers, asset managers, securities lenders, corporates, and insurance companies. Activity in emerging market repos is now regarded as a natural function of trading in the cash

and debt markets. Mick Chadwick, managing director and head of the repo desk at UBS in London, comments: "The big guys are still there because a large part of the rationale is to support the other emerging actively managing their market trading activities within the bank.

As liquidity in emerging market debt increases so does the acceptance of the debt as collateral, but this in turn squeezes margin. A tors are unlikely to see spreads more than one or However, there are numerous emerging markets where this process has yet to occur. and investors have opportunities to make healthy proftutions to get involved, I markets there have been a you're doing it right." think they would do so," he few casualities. For those desiring to pursue these ther have the necessary these markets.

opportunities there are some important points to bear in nor sub-custody capabilities mind. The main issues revolve around risk - instrument, counterparty, operational and legal.

Mr Chadwick explains: "In • the medium-term the Asian Emerging markets repo is a crisis will be good for the curious juxtaposition of market, just as the peso criterms, pitting the riskiest of sis was a few years back. When margins are wide they attract new entrants and drive margins down. Also the proper due diligence is not undertaken or they don't understand the nature of the collateral, and get burned as a result. After the margin contraction over the past 18 months the turmoil could lead to another shake-out."

The two primary concerns for traders are the counterparty with which they do bswiness, and the collateral they take. In accepting collateral, credit ratings are a useful guide to these markets but often what lies beneath the surface is the proverbial paddling swan, with volatility in the underlying instruments. Counterparty risk entails exposure to the credit risk of the a good counterparty can go some way to offset concerns in the other risk domains.

Mr Chadwick argues: "The primary risk is counterparty, know your customer, then the collateral. When looking at the collateral a lot of people get hung up on credit ratings, but the key is liquidity, because if something goes wrong with your counterparty you need to know you can sell off the collateral. It's no use having triple-A rated collateral if

you can't get rid of it." Stuart Short, a repo trader at ING Bank, agrees. "Particular players were overanxious in doing business with prime example of this is unsuitable counterparties, Brady bonds, where inves- and good credit decisions went out of the window. Also, haircuts - the discount two basis points over Libor. on the value of assets. posted as collateral - were reduced to levels where if credit concerns became an into problems. There is a lot its. The danger is the risk of doom and gloom right risk by selling liquid benchelement involved, and with now, but I think it's mark stocks, which they problems recently in the unfounded, this a very then have to borrow economic incentive for insti- Asian and other emerging bealthy business to be in if short-term. I expect this to

cise, however, because some confusion persists over what is classified as an equity

repo. Some market sources

claim that houses are really

carrying out old-fashioned

equity loans or swaps and then labelling them as repos.

points out that there are three different types of repo

structures: hold-in-custody

repo where the equity collat-

eral is delivered to and held

in a segregated account at

the broker-dealer's custo-

dian; bilateral or deliver-out

repo where equity collateral

is delivered to the repo

counterparty; and triparty

repo where the equity collat-

eral is delivered to the collat-

This last ought to be most

attractive of all, given the

lender's fear of risk. Mr Zim-

merhansl said: "Why would

anyone want to lend unse-

to allow for repo transactions, but it is a truism in repo that safety comes with sophistication. To meet this, hold-in-custody operations have become a common method of meeting the problem, and many see triparty repo as a way forward. The presence of a large chunk of emerging market collateral in Cedel Bank and Euroclear gives repo traders some comfort, and both clearers are doing well out of the flight to quality collateral result-

ing from the turmoil. Finally, some of the legal risk has been taken out o transaction by use of the ISMA/PSA agreement, which is now used in most markets. While businesses have created their own annexes to emerging market activities, there have been moves to standardise what businesses have produced. However, a large issue at stake is that of the legal enforceability of trades, and ISMA is seeking enforcement opinions in the various markets. Mr Short counterparty to a trade, but explains: "It is an issue, though not as important as

"Possession is nine tenths of the law, and if you hold the security at least you can liquidate it and get your cash back. If six months later a judgment comes out of the home country of the counterparty you can fight the legal battle then, but at least you have some guarantee since you've got the cash back."-

One market response to recent volatility has been the use of specials, which are sought-after issues where the holders of securities can earn incremental income by lending them out via repo and other trades. Ulf Bacher, head of the London repo desk at Goldman Sachs observes: "What we have noticed in recent weeks is that a lot of bonds are trading very, very special in emerging markets. This is to hatch out their market continue as long as there is Many of these markets nei- this kind of volatility in

Charles and the

EQUITY REPOS • by Michael Prest

COLLATERAL THINKING



Matthew Hale: repos are the key market product of the 1990s

Imagine using all your collateral from one central pool for triparty securities lending, secured loans, derivatives support and, of course, triparty repos.

Imagine this in a single, multi-market, multi-instrument environment.

Imagine all these transactions fully integrated with your core settlement activities.

Imagine an automated system that selects and substitutes collateral as required, according to your predetermined criteria.

Imagine the savings, the convenience, the sheer efficiency of such a system.

As one of 2,400 Participants in the Euroclear System, you don't need to imagine. It's reality, here and now.

Euroclear

Yields outweigh problems

Equity repo in London has a way to go before it can be called a mature market

Equity repos might seem a repos. The equity market is huge, broker-dealers run massive inventories, and their ravenous demand for cash should be attractive to lenders. What would make more sense than to post equities as collateral for borrowing to fuel the business? But, in fact, equity repos are fraught with difficulties and

the London market is young. Cristina Cardellini, executive director in the equities division of Goldman Sachs International, the US investment bank, in London, said: "In general, customers have not yet developed the methodology to analyse equity securities taken as collateral in the same way as they have for fixed income securities. Counterparties view equities as being riskier than bonds. In practice, these risks are quantifiable and

Many traders feel, however, that equities do present particular problems such as dividend payments, rights and bonus issues, mergers and takeovers. Roy Zimmerhansl, director for equity finance in the international markets division of Nomura International, the Japanese investment bank, in London, said that another hurdle is that even the minimum equity collateral package of \$50m is likely to consist of five, 10 or even more different equities, whereas it is comparatively easy to find \$50m of a single bond,

The market has been further constrained by the lack of a standard equity repo agreement. The Equity Borrowers Committee of the London Investment Banking Association has wrangled for several years over the wording of an agreement, rather to the frustration of some members. As a temporary solution, business is often



annex to the standard fixedincome repo agreement. cipally the leading investment banks, have been urging equity repos on. As help broker-dealers to extract additional yield from plication of hedge funds, whose operations naturally feed off cash, has further increased demand. Big operators such as Nomura are often proprietary dealers and prime brokers for hedge

conducted under an equity

Lenders have also been enticed into the market as margins have shrunk in other areas of their business. Victoria Cole, a vice-president at Morgan Stanley, the US investment bank, in London, said: "Cash providers are coming to me and asking whether they can get a higher yield if they accept equities as security." Ms Cardellini said: "There are a few brave souls who have made quite a lot because it's

at Libor plus. small professional market in equity repos for a while, most participants pinpoint the end of 1995 as the start of the London market. By the middle of 1996 the daily value of business outstanding reached \$1bn. Mr Zimmerhans) estimates that it

cured when they can lend secured and get a higher return?" The Chase Manhattan Bank and Bank of New York are carving out positions as agents. But some agents such as Euroclear Although there had been a and Cedel, which have been civotal in the expansion of the triparty bond repo market, developed as bond clearing houses and hold relatively few equities on their books. Many banks - which

has now reached \$25bn. The numbers are impreA priority for equity repo pioneers, therefore, is to enter the market. "Banks have got to become big players," Mr Zimmerhansl said. For the moment, however, equity repo remains a largely relationship market in which the standing of the broker-dealer and the confidence of the lender in the borrower remain crucial. "It's a relationship market. and is likely to be so for some time," one source at a leading investment bank Nevertheless, the signs are

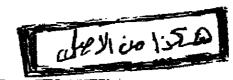
that competition is increasing. Growing liquidity has These rates are not as fine as those commanded by good borrowers in the bond repo market, but they indicate mounting activity and are worthwhile for borrowers. Mr Zimmerhansl estimates that the typical haircut - the discount on the value of equities posted as collateral

is 5-10 per cent. In a handful of cases, big cash lenders are trying to circumvent some of the complications of equity repo by going direct to hedge funds and cutting out prime brokers. This, of course, is not what the broker-dealers had in mind when they pushed for an equity repo market. But it could well benefit custodians and other middlemen, to whom banks are likely to turn for security.

Equity repo in London has way to go before it can. fairly be called a mature market. All the main actors the broker-dealers, the lenders and the custodians are still experimenting. For many, the essential infrastructure of modern finance. such as systems and the law. are not quite clear enough yet for them to plunge in wholeheartedly.

But few doubt that the market will grow, particularly if equities remain buoyare the obvious lenders - do ant "My goal would be for not have systems for hanequity collateral to be dling equities which are as treated just as fixed income sophisticated as those for collateral is," Ms Cardellini

The base salaries of UK directors rose



RECRUITMENT

Richard Donkin on the above-average pay rises enjoyed by British directors

Some are more equal than others

boardroom pay data published last week by Monks Partnership, the pay consultancy. Even when bonuses were taken into account, giving an average rise in their total earnings of 8.6 per cent, the figures were hardly sufficient to cause a stir.

This is because the base increases were broadly in line with the previous year and several years before

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employees tends to rise sufficiently to keep in touch with the increase in the cost of established that shows the called for moderation in pay of directors rising annually at about double the rate of most of those below management level.

higher increases for direc- most medium-to-large UK tors were reflecting a shortage of individuals with the necessary skills to run the should therefore reap the els of supervisor, returning growing number of compa- rewards of their success. nies with international activ-

Certainly, directors of companies with overseas sional shareholder dissent achieving subsidiaries get paid against the size of some between 10 and 20 per cent executive pay increases,

similar complexity without overturning a rise.

the overall pattern of directors and senior managers consistently obtaining rises that are on average twice as high as anyone else's. These above-average increases Just as the pay of most were criticised by John Major when he was prime minister and they have been noted by Gordon Brown, the living, a pattern has been chancellor, who last week

boardroom pay rises. It could be argued that the strategies of board directors are responsible for the high Monks ventured that the earnings growth enjoyed by companies in the past two to three years and the directors This is reflected in the approval of shareholders. and not those workers who While there has been occa- are learning new skills and

more than those with jobs of none has yet succeeded in lion's share of the benefit in idea is to find and interview. far-off desk in the competi-

Many of the institutional But this does not explain shareholders for which companies toil are the pension funds created for the benefit of that majority of employees who get much smaller annual pay rises.

> Although these individual pensions contributors cannot influence the policies of public companies, they do possess a claim to ownership of sorts, however indirect it may be.

> Many of these employees are being asked by their managements to take on more responsibility for their jobs. It is called empowerment. This empowerment, in with the need for certain levbig production savings. Yet are learning new skills and productivity improvements through team

working, that obtain the

higher salaries.

The increasing differentrial unrest or any great outcry from the unions. Most people in work are glad to the job vacancies do not yet have a job and most are exist. probably happy with what they earn.

But those who have been enjoying above-average increases owe it to everyone in their business to justify their earnings. If they cannot do so before

their employees, they should ensure they have equitable earnings systems that fairly reward the contributions of all those in the company and not just a favoured few.

Headhunting to fill non-existent posts

The FSS Group, a Londonbased search and selection group, has introduced a new recruitment system that it calls "gene pooling". The thinking fondly of that petition.

in the normal way of headhunters, a body of executials have not led to indus- tives who fit an ideal profile identified by an employer. The main difference is that

> After their interviews, the executives will stay in their existing posts until they get the call from the employer when a suitable vacancy arises. These executive "sleepers" will theoretically be able to move quickly into place, dispensing with the need for a burried

FSS says the service will be provided only for certain big clients.

It seems an interesting system, but it may be disconcerting for some managements to know that their workplace might be sprinkled with executives who while paying lip service to their present employer, are harbouring a little secret,

Gene pooling is one more sign of the breakdown of the psychological contract between the employer and the employed.

It begs the question of whether the values of the individual who is being poached to order are those that the employer would want. But if the system has equal appeal to the recruiter and the recruit, their values are probably in perfect align-

The system might work best if another headhunter working for a rival employer built up its own pool of executives in the competitor. Then, at a preordained signal, the sleepers in each of the companies could change places, the headhunters could take their fees, and the executives could find interesting challenges, armed, as

they would be, with valuable

Tesco uses internet to shop for recruits Terry Leahy, chief executive of Tesco, the UK supermarket chain, spent an hour last

universities put to him over the internet This was the first of what the company calls GradChat, designed to increase awareness of career opportunities at Tesco among potential

week answering questions

from students at 12 British

Mr Leahy was one of a number of Tesco executives who set aside two hours to exchange written answers to

the questions. only a small contribution towards the annual recruitment needs of the supermarket chain, which this year took on 200 graduates from 5.000 initial applications, but it is one of the latest examples of the way companies

recruitment needs, particularly among university grad-

Recruitment services generally are proliferating on directory organisations are putting their information on to web sites.

One of the most comprehensive UK-based information web sites for graduates is Milkround Online (www.milkround.co.uk). which not only carries information on career opportuntties but is now, through its register of users, offering employers the opportunity to focus on specific graduate

communities. A danger of using such sites could be the predominance of male users of the internet. That said, the internet seems to have strong potential for recruitment.

*UK Board Earnings (Indus-The sessions may make trial & Commercial Compames), 2270, UK Board Earnings (Financial and Property Organisations), 1200, Monks Partnership, The Mill House Wendens Ambo, Saffron Walden, Essex CB11 4JN, UK, tel + 14 1799 54222

BANKING FINANCE & GENERAL APPOINTMENTS

Managing Director - Unit Trust Company



A BNB Resources pic company (NBS)

NB Selection - Financial Services

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Superb opportunity for talented individual to lead and further develop a highly successful, award winning company.

Excellent Remuneration Package

THE COMPANY

- Rapidly growing investment management subsidiary of BWD Securities plc specialising in the management of
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THE POSITION

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EUMETSAT's

meteorological satelfite systems. Data from those

by ensoling makes, agricultural, aviation

and other agencies to plan and act

- Spearhead the expansion and development of BWD Rensburg Unit Trust Managers' business. Report to Group Chief Executive.
- Lead, manage and motivate the team ranging from fund managers to sales staff. Ensure compliance with IMRO regulations.
- Develop new investment products and services particularly for IFA market. Considerable marketing and sales involvement.

Yorkshire

- **QUALIFICATIONS** Innovative, progressive self starter with extensive knowledge of unit trust industry and thorough
- understanding of investment management process. Experience of successfully generating funds under management and discribution of funds in retail market
- Professional, hands-on manager with energy and enthusiasm. Strong team player with excellent communication and presentation skills.

Fax 0131 220 2440 Tel 0131 220 8210

Outstanding opportunity to join a young but rapidly growing business

Credit Risk Specialists

Price Waterhouse in London

Price Waterhouse is one of the leading international organisations of audit & business advisory, tax, legal, and management consultants with over 56,000 people operating in 415 offices around the world. Our Financial Services practice provides a range of integrated advisory services to many of the world's leading banks and financial institutions.

Our Financial Risk Management Services team provides a comprehensive service covering market risk, operational risk, credit and counterparty risk and regulatory risk Increasing demands from clients have created a need for us to add 2 ambitious managers to our credit team which, having been established a year ago, has now reached a point where more skilled practitioners are needed both to meet existing client needs and to develop new

You will have 5-7 years' credit-related experience in either retail, wholesale or investment banking, and a keen

£Attractive 1 4 1

interest in, and enthusiasm for, advanced tools and techniques of risk management. You will have strong analytical and project management skills, and be attracted by the opportunity to work in diverse client operations across Europe. Additional European languages would be to your advantage although having the right experience and qualifications will be more important.

Remuneration will be competitive and will include membership of our flexible benefits scheme which allows you to express a preference for those benefits which suit you. This is a rapidly developing business and prospects for the future are therefore outstanding.

Interested candidates should send a comprehensive CV to: Charles Macleod, Price Waterhouse, 32 London Bridge Street, London SE1 9SY. Fax: 0171 939 3131.

E-mail: Charles_Macleod@europe.notes.pw.com



Price Waterhouse



Price Waterhouse is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

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As Head of EUMETSAT's Administration Department, you will be one of four members of the senior executive team which manages and coordinates EUMETSAT activities. Reporting to the Director, you will be responsible for the management of all financial, legal, contractual, personnel and general services resources. An important aspect of this role is the provision of advice on cooperation agreements, relations with Member States and relations with national and intercovernmental organisations.

Specific activities within your overall responsibility shall include procurement and contracts administration, legal and personnel matters, building and infrastructure services and, on the financial side, budget preparation and implementation, accounting, financial planning and reporting. In addition, you will have management responsibility for all aspects of the meetings of the EUMETSAT Council, EUMETSAT's governing body, which are normally held twice

To be successful, you will need to have a university degree plus further qualifications, or relevant experience, in law or finance. You should have at least ten years experience, in public administration and in an international environment. This experience should include demonstrable experience in both advisory and executive roles involving long-term programmes of a complex technical or financial nature. Fluency in either English or French, with practical ability in the other language, is necessary. A knowledge of German would be an asset.

Based in Darmstadt, the post is offered on an Initial four year contract and, in return, EUMETSAT provides a very competitive salary and benefits package.

To apply, please send your CV with covering letter, quoting reference VN97/13, to EUMETSAT, J K Myatt, Head of Personnel, Postfach 10 05 55, 64205 Darmstadt, Germany. Applications must be in English or French. Candidates must be a national of one of the EUMETSAT Member States.

Closing date 19 December 1997.



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We represent a leading management consultancy firm who specialise in providing a wide range of advisory services to high calibre institutional clients. Their leasing and structured finance division is one of the principal advisors to the industry and is involved in all aspects of asset finance. They require an individual to assume responsibility for:

- Lease evaluation, structuring and lease versus buy analyses.
- Accounting advice and valuation advice for the acquisition and disposal of leasing companies.
- Assistance with business plans and strategic forecasting.
- Quantifying tax variations arising from the recent Finance Acts.

The successful candidate should be educated to degree level, ideally with an accountancy background and be able to demonstrate extensive computer modelling skills. This technical knowledge will have been gained whilst working within a leasing, structured or project finance environment. The appointee should be numerate, creative and be an excellent communicator, as the position involves close liaison with clients and other internal divisions.

The role represents an excellent opportunity to join an established and highly respected team.

For a confidential discussion please contact Keith Snow. Telephone: 0171 236 2400, Fax: 0171 236 0316, e-mail: snow@sheffield-haworth.co.uk or apply in writing to Sheffield-Haworth Limited, Prince Rupert House, 64 Queen Street, London ECAR 1AD.

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Continental Europe

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The London office was established two and a half years ago and markets two ranges of top performing mutual funds into Europe. This new, exciting and demanding opportunity involves the provision of a top quality service to new and existing clients in particular making presentations to groups of advisers as well as new business development. Extensive travel within Europe is required.

Aged in your late 20's to mid 30's and a Tel: 0171 738 9732 Fax: 0171 917 2932

Fluent Spanish speaker

graduate, it is essential that you have gained at least 5 years experience in the investment management industry with a minimum of 4 years successful funds sales experience. You are highly motivated, fluent in one or more continental languages, which must include Spanish and English.

In addition to the competitive basic salary there is an excellent bonus scheme and fringe benefits

To apply please write enclosing your CV (including details of your current salary package), quoting reference 1385 to Frona Law at FLA Ltd, 211 Piccadilly, London, W1V 9LD.



CREDIT

Corporate Coverage Officers

Moscow

Credit Suisse First Boston (CSFB) is a leading global corporate and investment bank, providing comprehensive financial advisory, capital raising, sales and trading and financial products for clients around the world. It operates in over 50 offices across more than 30 countries and six continents, and has over 10,000 employees.

When CSFB concentrates its resources in an emerging market of great potential, the results can be impressive. Six years ago, the leadership of CSFB concluded that Russia was simply too large and promising to ignore. Russia is demonstrably rich in resources, with a highly educated population and an economy ranked eighth in the world.

In 1991, the firm began deploying significant resources in Russia. Today more than 300 people are located in Moscow, offering a full range of corporate and investment banking services. Their fully licensed Russian subsidiary, Bank Credit Suisse First Boston A/O, is now one of the largest Russian banks. It is a channel for capital flows not only within the country, but between Russia and the outside world, distributing local debt worldwide in local currencies and funnelling foreign investment capital into Russia. Their equity brokerage and custody operations are the largest in the country. In 1997, CSFB has executed over \$10 billion worth of corporate finance transactions including arranging the largest Russian joint venture to date with the \$5 billion

In recognition of the firm's position, Euromoney/Central European magazine again voted CSFB as "The Best International Bank in Russia".

Substantial Package + Expatriate Benefits

They now require three Corporate Coverage Officers in the Moscow office to establish, maintain and develop relationships with specific corporate clients.

The role will require you to:

Initiate and manage new business with major corporate clients in Russia.

Develop opportunities with the banks existing clients.

Work closely with specialist finance teams cross-selling the bank's product range.

 Facilitate growth, developing focused new business areas. Obtain mandates for corporate clients for specialist requirements/products

 In conjunction with product specialists, elsewhere in the Moscow operation, develop new products required by clients. Contribute to the overall revenue objectives of CSFB in Russia.

To be successful in this role, you will be either a Russian national or a Russian speaker who is also fluent in English. Educated to degree level, you should have experience in a reputable Russian bank or a bank outside Russia dealing with Russian Enterprises as an account or marketing officer. A genuine team player with excellent PC skills, you will possess an outgoing and pleasant personality with a optimistic and positive approach.

To be considered for one of these outstanding career opportunities, please send your CV detailing current salary/package and quoting reference 384160 to Jonathan Stokes at Michael Page Eastern Europe, Savannah House, 11 Charles II Street, London SW1Y 4QZ, tel +44 (0)171 269 2593 or fax it to him on +44 (0)171 976 2612. Alternatively, contact Tim Smith at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LN, tel +44 (0)171 269 2313 or fax +44 (0)171 405 9649.

Michael Page Eastern Europe

International Corporate Communications

Opportunities for high calibre professionals

UK & Continental Europe

- corporation in the speciality chemicals industry, at either the Head Office or regional level, to play a major role in
- Reporting directly to senior management, principal responsibilities will include local and international marketing communications and the nurturing of the key elements of the corporate identity.
- Effective communications support is vital and the right individuals will act as internal consultants, developing and implementing creative strategies and ensuring • Our client offers genuine career path opportunities in consistency with the overall corporate communications
- Attractive opportunities to join a major multinational Candidates will be graduate calibre and have a demonstrable track-record in corporate and/or marketing communications. They will have spent at least five years in-house and/or in an agency and have the diplomatic and persuasive skills to operate effectively in a multi-cultural organisation.
- media relations. employee communications, some . Candidates must be enthusiastic team players, comfortable working at all levels within a business and have first-class communication skills both written and verbal. Fluency in both English and German is essential, as is a high degree in IT literacy.
 - a truly international culture. Self-motivation and a keenness to achieve results will ensure success.

Please write in confidence to Victoria Riley, giving details of your current earnings, quoting reference 2658/FT.

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General Accident Investment Management Services Limited is responsible for the Life and Pension investment for General Accident, with over £15 billion under management. Due to continued expansion and an increase in funds under managment, an opportunity has arisen for an experienced Fund Manager to join our Fixed

Working directly with the head of the team, you will be responsible for:

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The successful candidate will:

 Have an in-depth understanding of bond markets with 3-5 years experience of managing funds.

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- Be of graduate calibre, preferably with a degree in mathematics and IIMR qualified.
- · Have experience of both quantitative and fundamental investment methodologies.
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This is an outstanding career opportunity for an enthusiastic individual who can excel working in a professional, collegiate team

If you believe you possess the qualities sought, please contact Sarah Hesse-Hunter on 0171 269 2314 or alternatively write to her, enclosing a full curriculum vitae, at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LN. Fax 0171 405 9649. Please quote reference 386214.

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GREENFIELD ROLE IN FRONT OFFICE STRATEGY & SUPPORT

VICE PRESIDENT **BUSINESS MANAGEMENT GROUP**

Six figure package Our client is a highly respected and profitable global derivatives operation which forms part of a leading international investment banking group. The London office is in the process of embarking on a significant expansion program which will encompass a more diverse product portfolio incorporating equity, commodity and credit derivatives. Since the complexities of the business will increase, a challenging opportunity now exists for a strategically minded business professional to work with senior management and play a pivotal role in defining and implementing a new operating strategy for this expanding group.

The Position

- Act as an agent of change, and be the focal point for the setting and implementation of a new commercial strategy to encompass the new product areas.
- Lead the development of a new 'infrastructure', re-engineering business support and technology to leverage the growing needs of the group. Act as a business consultant and conduit between existing front office and overseas processing support
- existing front office and overseas processing supporting to implement new best practices.

 Initiate and undertake specialist reviews of new products, accounting controls, legal & compliance issues and operational procedures.
- On a broader scale, be a visible, proactive and commercial member of the senior management team
- The Requirements
- Likely to be a graduate Chartered Accountant, with substantial investment banking experience gained ideally within front office support, product control
- regulatory and control issues.
- IT literacy with proven ability to analyse & evaluate financial reports and models, and assess business risks
- First-class presentation skills, high levels of tact and diplomacy with the ability to work in partnership with front office.

Please send your CV with current salary details to: David Burton, K/F Selection, 252 Regent Street, London W1R 6HL, quoting ref: 6070D/04.

- Preferably some exposure to innovative derivative products and an understanding of the related
- Commercial acumen harnessed to a strategic mind-set, focused on service delivery.

- Alternatively send by fax on 0171-312 3380 or by e-mail to kis-london@kornferry.com Internet Home Page: http://www.kiselectic

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Financial Times

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You'll develop and implement innovative solutions to address customers' global trade needs. Operating closely as a team, you'll provide pre-sales support for the origination team, assuming primary responsibility for individual transactions and solutions at an early structuring stage. You'll manage the individual transaction process, develop and employ structuring techniques and tools, and contribute to the generation of new trade business.

We're looking for self-motivated, creative and ambitious people with between three and five years' relevant experience. This should include trade service processing, corporate trade finance and customer contact. Desirable skills include technical, financial and analytical trade skills, multi-linguistic ability, e-commerce and other technological competencies. You must also be an excellent communicator, have the ability to lead and influence others and be able to work effectively in a multi-cultural environment.

An attractive salary, commensurate with experience and skills, plus an excellent benefits package, reflect the importance of these roles to Citibank.

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Our client, a specialist juvestment bank with a pre-eminent position in South African Capital Market products, seeks to extend its distribution capabilities in the UK and Suropean parkets. The bunk seeks to recruit a high calibr

South African Equity Sales Specialist The successful applicant will join an existing and focused equity and derivatives trading team based in London, working together with

dedicated research and product support departments in Johannesbarg. A proven lands record of a least that year sales experience in these

The mindset to work in a team-driven environment combined with the selfmotivation and drive to further develop the product range late the madests The ability to communicate effectively with clients and prospects both in English and Afrikaans, both orally and in writing

A degree and MBA or other post-graduate qualifications In first instance, please send your CV to Willem Dudok de Wii, Consultant at Emerging Markets 2 Masons Avenue, London FC2V 5BT. Tel: +44 171 600 4744. Fax: +44 171 600 4717. e-mad: willem@emss.co.uk

ITALIAN EQUITIES SPECIALIST SALESMAN

Italian banking group is looking for an italian equities specialist salesman. The candidate will be based in London and will sell a good quality research product to an international institutions client base. Interesting remuneration package will be available according to candidates profile.

Please send detailed CV to: Andrew Steale & Co London WIX 3FE

Chairman & Chief Executive Officer THE KOSDAQ SECURITIES COMPANY, LTD.

Seoul, Korea

The Company: The KOSDAQ (Korea and appropriate experiences in securities Securities Dealers Association Automated business for effectively leading the company Quotation) Securities Company, founded July within a varied and challenging environment. 1, 1996, manages tradings of stocks and Fluency in Korean and prior emerging market bonds on the KOSDAQ market. This experience will be advantageous. organized OTC market is home to promising Remuneration package reflecting the small and medium-sized enterprises and venture businesses, expected to lead Korea's future economic growth.

The Role: The Chairman & CEO of the KOSDAQ Securities Company will oversee the maintenance of a fair and orderly operation of the KOSDAQ market, while promoting the balanced development of the Korean securities industry. The position, above all, holds a core duty of assisting 34 Yoldo-Dong, Youngdungpo-Gu emerging industries and venture businesses in raising capital.

The Successful Candidate: The candidate should possess good communication skills, proven leadership, professional knowledge

challenge in the role will be negotiated with the successful candidate. Those interested in applying for this position

should send a letter of interest, curriculum vitae and managerial vision for the company by December 13 to:

The KOSDAQ Securities Company, Ltd.

Seoul 150-010 Korea Tel: 82-2-767 2818 Fax: 82-2-786 3799

The KOSDAQ Securities Co., Ltd.

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A highly regarded private investment company operating from Switzerland seeks to identify a high calibre individual to join its active proprietary investment team. This is a senior position, reporting directly to the General Manager.

As a key member of their profitable unit, you will be responsible for monitoring and valuing all externally managed international investment funds, making strategic recommendations regarding their composition including manager, market, type, sector, currency and return. In addition to complete familiarity with the latest global portfolio management techniques, the appointee will, in due course, be expected to launch and manage the company's own fund-of-funds directed at the US institutional market.

The attractive remuneration package will include a competitive salary, bonus and other benefits and will appeal to an individual who is an effective communicator, able to take decisions and

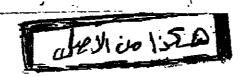
If you are interested in this challenging opportunity, please send your curriculum vitae in complete confidence to Walter Brown or Philip Wright, or call for an initial discussion.

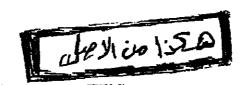
Devonshire executive



Devanshire Executive, 7 Birchin Lane, London EC3V 9BY.

Tel: 0171 626 2150. Fax: 0171 626 2092. e-mail: exec@devonshire.co.uk.





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NAGER

arraxis ag, an independent subsidiary of the SAirGroup, is a leading international provider of comprehensive IT solutions for the airline, airport, cargo/logistics and travel industry. We not only develop our sophisticated systems for our own SAirGroup and Swissair, we can count many well-known airlines, airports, air cargo and other travel and transportation industry companies to our customer base.

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Do the following major challenges appeal to you?

 creating and optimising our product portfolio, including product planning, development of business plans, pricing, life cycle and profitability

planning and monitoring of developments

market and competitor research

establishing marketing and sales plans, together with the Head of Sales

 addressing possible partnerships, distribution channels and acquisitions to the Head of the Business Unit

If you meet the following requirements you may be our ideal candidate:

strong marketing capability and customer orientation

· strong business know-how in Cargo, Forwarding & Supply Management · excellent communication and presentation skills

international background

leadership experience; team player; committed personality; performance driven

· track record as a Product Manager

Would you like to get more detailed information regarding this interesting challenge? Please do not hesitate to contact Mr. Paco Hauser, Vice President Business Unit «Cargo/Logistics», Tel. +41-1-812 45 30.

Please send your application to: atraxis ag, Human Resources, P.O. Box. CH-8058 Zurich Airport, Switzerland

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This is a tremendous opportunity

Applicants should be educated will be competitive and consistent with

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You must have extensive experience of business news journalsm and of producing 'leve' tolevision at senior level both in Europe and the USA. Ideally you will have a masters degree in international economics. Ruency in a European language and a working knowledge of Newswire 2000 competer system.

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Responsibilities of this position include project development, financial madeling arranging and structuring of complex financings, as well as highlevel negotiations with financial institutions and government agencies The successful concidates will have:

> 3-5 years of relevant work experience in the great of merchant banking corporate finance, project finance or structured finance, including financial and credit analysis

 a proversity degree and/or graduate in banking excellent communication skills in English and possibly other

ability to work point independently and within a small fear

very good interpessonal and communication skills.

temputer Merady and spreadsheet ship The company offers a competitive temuneration packago, interesting caseer proteer's and a prealant working environment.

Interesting a productor (Swiss nationals of permit C) should send their CV plus supporting documentation to

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Based on continued growth in the depth and diversity of our activity, an exciting career opportunity now exists to set up and establish a London based Brokerage Product team. Responsibilities will include international trade execution for UK and European based investment managers and financial institution custody clients of BNY.

The ideal candidate, a team player with strong written and verbal communication skills, will have at least two years of international equity trading experience, customer service skills and SFA representative licence. European language skills, an advanced degree, fixed income and/or foreign exchange experience will be an advantage. A competitive salary and benefits package will be offered based on expenence

Postal applications ONLY please, including tuli CV and current salary to. Mark Boorman, Personnel Departme The Bank of New York, 48 Berkeley Street, London W1X 6AA.

(M)

Moody's Investors Service

<u>GRADUATE/POSTGRADUATE TRAINEE - STRUCTURED FINANCE GROUP</u>

Moody's Investors Service, the global credit rating agency, has built a world-wide reputation for its credit analysis. Moody's provides investors with rating opinions on the creditworthiness of banks, governments, corporations and other entities. [This in turn assists these borrowers in accessing a range of capital and money markets.]

The successful candidate will work with senior Moody's analysts, investment banks, debt issuers and investors in order to analyse complex financial instruments.

Moody's is seeking a numerate postgraduate or graduate with an interest in financial markets. PC skills, [including a knowledge of spreadsheets], European language skills, and work experience with a financial institution or similar organisation would all be advantageous.

Applications should be made in writing to Human Resources, Moody's Investors Service Ltd, 2 Minster Court, Mincing Lane, London EC3R 7XB.

Closing date is Wednesday 10th December 1947 **Appointments**

Advertising appears in the UK

edition Wednesday & Thursday and in the International

edition every Friday. For further information please

call: +44 0171 873 3694 Head of investments

Attractive Package & Significant Carried Interest An opportunity to join a unique venture capital organisation. Catalyst Fund Management & Research, a company with substantial backing, is looking for an experienced venture capitalist to manage a £50 to £100 million Pan-European fund with a distinct approach.

The person will be responsible for evaluating, structuring, negotiating and investing in high-growth companies. Involvement in the strategic development of Catalyst, through membership of the Management Company Board, is a key aspect of the role.

The role is ideal for an experienced investor who is ready for the challenge of managing a fund. Successful applicants will possess the following qualifications:

Minimum of 4-5 years experience in venture capital investing.

 A passion for excelle Ability to make early-stage investments a plus.

Compensation will be attractive and commensurate with exp

Research Analysts - Oil & Gas

UBS

Union Bank of Switzerland is one the market leaders in equity research, sales and trading of European oil & gas companies. We now seek to strengthen our position further by the appointment of two more

dedicated analysts. The successful candidate will be a graduate, ideally with a further finance/MBA qualification, with a minimum of two years experience, either in the oil or financial services industries. Candidates with particular strengths in either finance, IT or industry technical skills are also welcome. Personal qualities sought will include enthusiasm and self motivation, flexibility and independence coupled with the ability

to fit into a close knit, team environment. The salary and benefits package for this position has been designed to attract candidates of the highest calibre and is unlikely to disappoint.

Please send a full CV, with details of current remuneration, to: Tracey Chandler, UBS, 100 Liverpool Street, London EC2M 2RH.

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Karl Loyatou on +44 171 873 3694

This new role reports into the Director of Pension Funds and has a wide remit, including sensitively and skillfully managing a number of key pension fund client relationships. Working alongside the Investment team and co-ordinating activities with the client support operations, the successful candidate will lead client presentations/ reviews and will contribute to new business activities.

Account Director

SEGREGATED PENSION FUNDS

Excellent Package

Our client has £17 billion under management, of which Segregated Pension Funds make a significant contribution. The organisation orides itself on a history of sustained growth and on providing its staff with a challenging and thoroughly enjoyable working This is an outstanding opportunity to join a forward thinking organisation in a visible and influential role. Candidates will:

- Ideally have investment Markets or Pension Fund experience.
- Demonstrate outstanding communication skills coupled with integrity and sincerity.
- Be able to work independently yet understand the importance of
- · Enjoy working closely with clients and have experience of making client presentations.



To apply please send a cover.or letter and DV to Harvey Nash Pic. 13 Endon Street. Lyndon V, 1X 7AH. (Teb 3171 303 0033, Fax: 6171 333 0632.) Pleade quote reference number HNF360FF and include current calony details and daytimo telephone number.

character of the organisation is self-evident through both its products and its people. With a turnover in excess of \$2 billion equivalent it is well placed for continued growth. In order to strengthen its operation in the Far East they are looking to recruit a number of key individuals in general management roles, with a focus on finance.

The Requirements

backgrounds.

and experience.

■ Graduate ACA with proven commercial experience,

administration and international exposure.

excellent analytical and organisational skills.

a varied team of different characters and cultural

■ Ambitious, with a desire to broaden his ther own skills

a comprehensive understanding of finance and business

FINANCIAL CONTROLLERS - HONG KONG & SOUTH KOREA

ACCOUNTANCY APPOINTMENTS

WORLD RENOWNED CONSUMER/ LUXURY GOODS MANUFACTURER

Our client is a leading worldwide force within its particular sector of the consumer goods industry. It has excellent penetration with a number of the leading huntry brands and a strong position in the competitive commodity sector of its market. It has a first-class reputation for product quality but is equally recognised for its commercial acumen and innovation. The personality and

REGIONAL VICE PRESIDENT (FINANCE) - ASIA PACIFIC

The Position Report to the CRO, oversee all financial operations throughout the region including the reporting and analysis of trading performance throughout the region.

 A senior member of the organisation involved in contributing to the strategic growth of the company locally, but also providing guidance and support on day-to-day activities.

Ensure the development of all non-trading areas, including internal finance and distribution systems, understanding of

accounting and administrative staff. Establish a sound relationship between the parent company and the various country operations.

legal issues and after sales service, as well as internal

The Requirements

Experience in managing financial operations in a consumer manufacturing environment, ideally with significant exposure to retail distribution, with a

a degree, possibly an MBA. Strong financial, business, IT and interpersonal skills

successful track record of personal achievement and

A qualified chartered or management accountant with

with the highest levels of intellect, energy and integrity.

An international perspective and empathy necessary for working in a multi-cultural environment.

The Position

c. \$100,000 plus

■ Responsible for all financial and cost accounting across all brands. Control of a range of activities including treasury, MIS and legal, as well as providing

budgets, forecasts and actuals. Provide broader finance and commercial input to the

office/administrative services for local managers. Strong, committed and resourceful personality with Assist in the preparation of management reports including Self-starter with high energy levels, capable of leading

development of the business. ■ Ensure compliance with general business and Group accounting principles.

Please send your CV with current salary details to: James Gray, KIF Selection, 252 Regent Street, London W1R 6HL, quoting ref: 90351C/04 for the Regional Vice President

by fax on 0.71-312 3380 or by e-mail to kis-london@komferry.com Internet Home Page: http://www.kfselection.com

K/F SELECTION

A DIVISION OF KORN/FERRY INTERNATIONAL

You spend most of your life doing deals for others. Now you have the opportunity to do one for yourself.

Arthur Andersen is one of the world's leading professional services organisations. It's a fast-moving, demanding environment that allows people to progress on their merits. Our rapidly growing Global Corporate Finance Practice is unique, containing highly professional people working on a cross-border basis, within a global structure, but maintaining a strong local presence in each major international centre.

Arthur Andersen has a reputation for the highest commitment to training and staff development. In fact, we believe the standard of career opportunities we offer is unparalleled. We are looking to hire ambitious corporate finance professionals with experience in corporate mergers and acquisitions. Opportunities exist at all levels, starting from three years' corporate finance experience right up to director level. We are particularly interested in identifying people to work out of the following financial centres:

- Amsterdam
- Bangkok Paris
- Bombay
- Frankfurt Hong Kong
- Jakarta
- Johannesburg London
- Melbourne

 Milan New York

- Prague Singapore
- Stockholm
- Sydney Washington

This is a chance to realise your full potential within a supportive, highly motivated and professional environment. So if you work in corporate finance and want to build a truly fulfilling long term career, you should consider joining

There's never been a better time to change. To apply please send your CV, stating your preferred location(s) and quoting reference 6472, to our response management team at Stafford Long & Partners Limited, 30-32 Whitfield Street, London W1P 6HR. Fax: 0171-304 4433. Or you can apply on-line via JobSurf on: http://www.job-surf.com

LEADING-EDGE IT COMPANY

FINANCE DIRECTOR

c. £100,000 + benefits

This is a truly exceptional opportunity for an ambitious individual to play a key role within this rapidly expanding business. At the forefront of trading technology, this organisation provides IT services to companies engaged in Trading and Risk Management of Financial Products, within Global Capital Markets. This high-profile role within a dynamic team will require responsibility for financial activities at both strategic and operational level, which will include extensive corporate finance activities such as M&A work, capital restructuring and the preparation for public flotation of this business.

- Conduct corporate finance activities such as preparation for public flotation, M&A work and capital restructuring.
- Oversee and ensure that day-to-day financial control, accounting systems and procedures are adequate and well monitored. Manage extensive project work including the enhancement of a project cost accounting system to measure project profitability and individual
- Develop effective working relationships internally across the business and externally with professional advisors.

The Requirements

- Qualified accountant, ideally ACA with at least five years' proven commercial experience gained within IT, Financial Services or Management Consultancy.
- Commercially astute, with first-class presentational skills, capable of interfacing with sentor executives, yet able to motivate staff.
- Innovative and proactive approach with the ability to manage change in a rapidly expanding business.
- Must be confident and robust with the personality to fit into a creative and energised culture.

Please send your CV with current salary details to: Sara Kenderdine-Hair, K/F Selection, 252 Regent Street, London W1R 6HL, quoting ref: 90349A/04.



Alternatively send by fax on 0171-312 3380 or by e-mail to kfs-london@kornferry.com Internet Home Page: http://www.kfselectio

K/F SELECTION

A DIVISION OF KORN/FERRY INTERNATIONAL

GREENFIELD ROLE IN FRONT OFFICE STRATEGY & SUPPORT

VICE PRESIDENT BUSINESS MANAGEMENT GROUP

Our client is a highly respected and profitable global derivatives operation which forms part of a leading international investment banking group. The London office is in the process of embariding on a significant expansion program which will encompass a more diverse product portfolio incorporating equity, commodity and credit derivatives. Since the complecities of the business will increase, a challenging opportunity now exists for a strategically minded business professional to work with senior management and play a pivotal role in defining and implementing a new operating strategy for this grounding group.

- Act as an agent of change, and be the local point for the setting and implementation of a new commercial strategy to encompass the new product areas.
- Lead the development of a new 'infrastructure', reengineering business support and technology to leverage the growing needs of the group.

 Act as a business consultant and conduit between existing front office and overseas processing support group to implement new best practices.
- Initiate and undertake specialist reviews of new products, accounting controls, legal & compliance issues and operational procedures.
- On a broader scale, be a visible, proactive and commercial member of the senior management team.

Please send your CV with current salary details to: David Burton, K/F Selection, 252 Regent Street, London W1R 6HL, quoting ref: 6070D/04.

The Requirements

- Likely to be a graduate Chartered Accountant, with substantial investment banking experience gained ideally within front office support, product control
- Preferably some exposure to innovative derivative products and an understanding of the related regulatory and control issues.
- Commercial acumen harnessed to a strategic mind-set, focused on service delivery. IT literacy with proven ability to analyse & evaluate financial reports and models, and assess business risks. First-class presentation skills, high levels of tact and diplomacy with the ability to work in partnership
- Alternatively send by fax on 0171-312 3380 or by e-mail to kis-london@kornferry.com Internet Home Page: http://www.kiselection.com

K/F SELECTION A DIVISION OF KORN/FERRY INTERNATIONAL

FINANCIAL CONTROLLER West End

c. £50,000 Package

"INFORMATION IS POWER"



≋HW

HARBESON WILLS A BRAND OF THE HW GROLE

the premier provider of financial service marketplaces on the internet in the UK. These marketplaces allow investors and intermediaries to obtain information that is key in enablina information that is key in enabling investors to make their investment

Providing a one-stop shop for information on products, prices, formance and news – private estors and financial advisors can now have ready access to vital market data at their lingertips.

- iii is now in a strong position to:

 Consolidate its position in the UK;
 Exploit opportunities for international expansion in Asia, South Africa, Europe and Australia; Position itself to after transaction capability in the near future.
- A confident, tenacious and highly motivated individual is sought to join the management team and play a key role in the development and growth of
- You will assume a full financial control role, key responsibilities include;

 Monthly reporting; budgeting; cash management; financial/statutory
- Bringing the outsourced accounting
- bringing his associated accounting function in-house, including specification, selection and installation of occounting systems; implementing financial procedures and controls across the new

meas subsidiaries; Developing an understanding of profitability through activity based HARRISON **WILLIS**

relevant financial analysis and business case formulation and providing financial input to the

business.

The successful applicant is likely to be a large firm trained ACA possessing on excellent academic background with at least 1.2 years commercial experience outside the profession. Strong IT skills are critical; an interest and understanding of the potential of the internet as a business tool would be advantageous. You will be a confident communicator with the ability, and the desire, to make a contribution from day one.

If you feel that you have the initiative and energy to tackle the above

position, please contact Lee Pasycote on 0171 344 5292 [evenings and weekends 0966 372145]. Alternativ

send your full CV, including details of

your current remoneration package, to him at Harrison Willis, Cardinal House, 39/40 Albemarte Street,

E-mail: les.penycale@hwgroup.com Internet: http://www.hwgroup.com

London WTX 4ND.

Fax: 0171 493 6107.



BIRMINGHAM . BRISTOL . CARDIFF . CROYDON . DUBLIN . GUILDFORD . LEEDS . LONDON MANCHESTER - MIDDLESER . NOTTINGHAM . READING . ST ALBANS



Acquisitions & Project Accountant

As one of the world's leading automotive component suppliers and a Fortune 500 company, we have been growing, over the last 10 years, at an average annual rate of 25%. With over 40.000 employees and sales in excess of \$ 6bn, our strength lies in our position as a fully integrated system partner for the world's major automotive manufacturers. In order to enhance our European position, we are now looking for an additional finance professional to be located in the Frankfurt area.

Responsibilities:

As part of the newly established European M&A and OPERATIONAL SUPPORT TEAM, you will:

- lead and be involved in the due-diligence process for proposed acquisitions
- be responsible for communicating up to senior management and board level ensure the successful financial integration of subsidiaries after acquisition
- add value to the M&A process by recommending and implementing improvements

 manage operational projects at our European divisions Φ

<u>Q</u>

- a graduate chartered accountant, Dipl.-Kaufmann or equivalent
- minimum of 5 years' exposure to a sophisticated multinational environment
- experience of US GAAP especially in purchase accounting
- an understanding of M&A issues and, ideally, of the automotive industry fluency in English and German or Italian (Eastern European languages advantageous)

To succeed in such a high-profile role and to feel at ease in our environment, you will need to have a strong commercial awareness and excellent communication skills. Salary will not be a barrier to the right applicant.

For further details, please send your CV to Paul Campbell at our recruitment consultants: Campbell & Partners GmbH, Otilostr. 1, 82166 Muenchen-Graef, Germany

Tel: 0049/89/898069-0, Fax: 0049/89/898069-60 Please note that we also have several other financial vacancies at our European headquarters

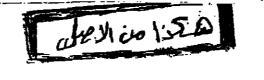


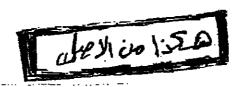
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FINANCE DIRECTOR EMEA

THE NETHERLANDS, SHARED SERVICES CENTRE

Our client, Sun Microsystems Inc., with worldwide revenues in excess of US SB billion, is the global leader in Network Computing. Their Accounting Services Centre (ASC) is based in Ameratoort in the Netherlands, and provides a wide range of high quality and cost effective scial services for all Sun's operating companies in Europe, Middle-East and Africa.

Due to internal career development moves, we are now looking to recruit an experienced and dynamic financial executive to lead the Financial Services organisation for the European sezoner. Reporting to the VP Corporate Controller in the US and operating as a key member of the Sun's European senior financial management team, your main responsibilities will be:

- leading a large and geographically dispersed financial organisation
- delivering world class levels of accounting and transaction processing support to Europea phies, business units and Operating communics

implementing core florateid systems throughout the remon

- leading the completion of Sun's Europe wide preparation for European Monetary Union leading business process re-engineering in the region, including developing and implement
- an effective support model for emerging countriev/markets managing the fiscal compliance and business activities of the Pan European distribution

company, and implementing associated European tax strategy For this most attractive opportunity it is envisaged that the ideal candidate will have a

recognised finance or business degree, complemented with a post-graduate qualification (ACA/CPA/MBA) and a minimum of 10 years experience in finance and accounting functions, demonstrating a record of increasing responsibility. Extensive pan-European manager

ROBERT WALTERS ASSOCIATES

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EXCELLENT PACKAGE + BENEFITS

Furthermore, the qualified candidate will have ourstanding communication skills both internal and external to the company. A strong process orientation, experience in systems entation and business parmening skills are highly desired. Fluence in both written and spoken English is a must. A working knowledge of Dutch and other European Linguises is a considerable advantage. The qualified candidate will be prographically flexible and prepared to accept assgrazerus of increased responsibilities outside Europe in the future.

If you are interested in this opportunity, please contact Endo G.M.M. Houben or Claudis D.S. Lautos on Tel. +31 (0)20 6444-655, or alternatively send tour Corporability Ville (c. Robert Walters Associates, 'Rivierstacte', Amsteldijk 166, 1079 LII Amsterdam, the Netherlands, Fax: +51 (0)20 6429 005, 1-mail. claudia.lantost



http://www.robertwalters.com

TAXATION DIRECTOR KEY ROLE IN INTERNATIONAL BANK

London, EC4

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GEATEN I GROUP

oject Account

£Six figure package

Rabobank is the second largest bank in the Netherlands and one of the 40 largest banks in the world. It is the world's only commercial bank with an AAA rating from all of the major rating agencies. Rabobank International focuses on corporate, investment and private banking in Europe, the Americas and Asia/Australia. Sustained growth across all business areas has resulted in the search for a UK Taxation Director. Key responsibilities will include:-

- UK and cross-border tax planning and structuring
- provision of 'on-line' tax advice to investment banking areas • fronting relationships with external advisers and Revenue
- development of a small team of tax professionals in Please forward a comprehensive

To meet the challenges of this important new role you will be a seasoned tax professional with at least 8 years' relevant international tax experience - gained directly in a bank or alternatively with a leading advisory firm ('Big 6' Chartered Accountancy practice or City law firm). Proven technical skills will enable you to assimilate Rabobank's operations and tax structures at a strategic level - combining this with a detailed focus on specific salient tax issues on a day-to-day basis. You will already be regarded as a very strong communicator, able to explain and promote complex technical issues clearly and concisely to colleagues at all levels.



Rabobank International

CV and covering letter to: Matthew Phelps at Brewer Morris, 179 Queen Victoria Street, London EC4V 4DD. (quoting ref: 2492mp) Or fax: 0171 463 0740.

All applications will be treated in strictest confidence

Brewer • Morris

TAXATION RECRUITMENT SPECIALISTS

Financial Controller

Our client is a wholly owned subsidiary of a US hi-tech corporation, operating within a highly competitive and dynamic market.

c.£45,000 + car + relocation

Hi-tech

Multinational

South Coast

MARTIN-WARD

·ANDERSON ·

RESTA TE - KONGRIW - MEGKOL - Kottyantore -

Rapid technological change and innovation is creating many new opportunities within the industry. Success in bringing new products to the market on time is

These challenges have now created a need to recruit a Senior Finance professional to manage a small team and support the financial activities of the company. Reporting to the Managing Director, responsibilities will include:

Managing and developing a finance team

therefore essential to ensure continued growth,

- Designing and implementing system improvements
- Development of management information
- Improving project planning, costing and budgetary control Development of management and financial accounting procedures and controls
- A qualified accountant is required, probably aged 28-40, with several years experience at middle management level. Previous exposure working within an organisation dealing with high value, long term contracts will be of particular interest. Personal attributes should include good communication skills, leadership qualities, team orientation, strong intellectual ability and a creative approach to problem solving. Interested candidates should write, quoting reference 48210, enclosing a current CV

to Shaun Ascough ACCA, Martin Ward Anderson, 2nd Floor, 1-3 The Avenue, Southampton, Hampshire, SO17 1XG or telephone him on 01703-233977. Alternatively e-mail on info@mwa.co.uk or fax to 0,1703 236166

OPERATION blue sky FINANCE DIRECTOR

PUT YOUR START-UP EXPERIENCE TO THE ULTIMATE TEST

FINANCIAL CONTROLLER TV3 Broadcasting Group Ltd

West London - Middlesex

Competitive Package

TV3 is the largest satellite broadcaster in Scandinavia, covering 60% of all Scandinavian households. The TV3 group, with its headquarters in Middlesex, has a turnover in excess of £120 million.

The Company is now seeking to strengthen its central finance team with an ambitious and experienced Financial Controller, reporting to the Vice President of Finance and Commercial Affairs.

Responsibilities will include:

- Developing the Company's accounting policies and reporting procedures
- Managing the statutory reporting process including the audit
- Tax calculations and reporting
- ◆ Supervising staff in the areas of accounting, accounts payable/receivable, payroll and cash management. Close
- liaison with Scandinavian based staff will also be required.

Ongoing enhancements of finance systems.

The ideal candidate will be a commercially minded Accountant, in their early 30's and with at least five years post qualification experience. They will also have gained significant experience of people management within another international organisation, as well as having gained a record of achievement and adaptability.

Interested candidates should send a full CV, including details of current remuneration, to:

Anna Nordberg, TV3 Broadcasting Group Ltd, Horton Road, West Drayton, Middlesex UB7 8JD

TV3 is a business area within Modern Times Group MTG AB. MTG is a broad Nordic media group operating amongst other areas within television, radio, printed media, electronic retailing and thereto related media services. The company is listed on Nasdaq Stock Market in New York.

STANSTED

OPERATION blue sky is the code name for a new 'no frills' low-fare airline which will start flying within Europe in early 1998. Although owned by British Airways, OPERATION blue sky will operate as a completely independent company that intends to establish itself as a key player within this fast growing and highly competitive market.

The FINANCE DIRECTOR will be a critical member of the small, senior management team that leads this exciting venture.

Your principal accountabilities will embrace the comerstones of the business and will include:

- » Setting up a lean finance and admin function that will provide rigorous financial control and analysis;
- » Playing a pivotal role in the critical management
- decisions spanning the entire business; » Providing incisive, accurate and timely information
- in order to support key commercial decisions;
- » Managing the provision of purchasing, I.T. and

You should have start-up experience within a cost

EXCELLENT PACKAGE

sensitive environment.

Airline experience is desirable although, more importantly, a European perspective is essential as is the ability to deliver at both a hands-on and strategic level. You will be a highly motivated self starter, possessing the analytical rigour and commercial acumen to make a significant impact across the business. You will also champion and implement the use of technology.

This is an outstanding opportunity to join a high profile and demanding start-up business that has the backing of a major multinational.

Please send a full CV in confidence to GKRS, 86 Jermyn Street, London SW1Y 6JD (Telephone 0171 468 3800), by the closing date of Monday 15 December quoting reference number 793J on both letter and envelope, & including details of current remuneration.

FINANCE DIRECTOR - POTENTIAL

WEST MIDLANDS - TO £50K + CAR

Our client, one of Europe's leading industrial corporations, is expanding its existing operations in the UK. To achieve its ambitious targets, growth will be both refine and develop its systems of financial control.

A head of function is required to take charge of and develop all aspects of financial accounting. Particular emphasis will need to be placed on financial controls, meeting all fiscal and statutory requirements and debt collection. Cash management will be a vital and ongoing issue, as will development of the people growth and development are outstanding within this within the team.

To be considered you must potentially be fluent in French, spoken and written (after training if necessary). and be fully qualified, either Chartered or Certified. organic and by acquisition and a key requirement is to Thereafter ideal candidates will have around 5 years post qualification experience in blue chip industrials, have a strong commercial orientation, a keen interest in good customer service and proven people management skills.

> The jobholder will be expected to progress swiftly to a role of Finance Director, so an ambitious, energetic and persistent personality is essential. Opportunities for leading multinational.

To apply, please write with your CV, quoting your current salary and Ref FT485 to: Ashion Penney Partnership Ltd., Suite 201, Albany House,

324-326 Regent Street, London WIR 5AA.

ASHTON PENNEY

GROUP TAX MANAGER

INTERNATIONAL UTILITIES INDUSTRY

HUNTINGDON, CAMBRIDGESHIRE

- Anglian Water is geographically the largest of the 10 regional water service companies of the UK with a growing international portfolio of utility and construction activity businesses. Profit before tax last year was £257 million on a turnover of \$837.1 million.
- The business is focused on continued improvement to customer service, product quality and environmental performance whilst continuing to improve both operating and capital investment efficiency. Anglian Water sees the international market as a natural target for growth.
- The Group Tax Manager will head a team developing strategies to optimise group tax exposures and ensure tax compliance in the UK and internationally. The role is key to developing tax awareness throughout the business and will have a real impact on all financial decision making.
- c.£55,000 + BENEFITS A qualified accountant or taxation specialist with
- strong post qualified experience preferably in commerce or the profession/Revenue. Wide ranging tax planning and compliance expertise with a record of delivering solutions in a commercial environment.
- First class presentation and communication skills, able to work closely and flexibly with a multi-disciplined, customer focused team. Energy, initiative and enthusiasm to integrate tax planning and management throughout the business.
- This is an excellent opportunity for a tax professional to develop technical and management skills internationally as part of a highly profitable and ambitious business. The company has a competitive relocation scheme.



Please apply in Writing quoting reference 1552 with full career and salary details to: Kelth McCamb 11 Hill Street, London W1X 88B



Finance Controller

North West

Our client, a privately owned group, has a discrete autonomous business unit operating in a niche market. In an environment that is built around a blue-chip customer focus, the key to the continued success of the business will be the enhancement of customer relationships and a requirement for quality based management information.

Reporting to the Managing Director, you will have overall responsibility for financial control, staff management and IT developments. You will need to have proven manufacturing, preferably textile. based experience with an ability to

£ Excellent Package

probe, investigate and manage change. You will be a qualified accountant, probably aged 30-40 possessing the drive, ambition and leadership skills to influence the business at a strategic level as well as the shop floor. In return, the Group will offer an excellent remuneration package combined with long-term growth in this strong, leading clothing supplier.

Interested candidates should apply in writing, enclosing a curriculum vitae to David Gunning ACA or Gareth Davage at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ, quoting ref WAY/GBF.

Michael Page Finance

Entrepreneurial!

Middlesex

Within the retail/leisure industry this dynamic company is poised to become a leading force in this ever expanding rket. Owned by its managers with backing from a leading Financial Institution, it has impressive expansion plans through organic growth and targeted sequisitious. They expect to double in size within the next 12 months.

Its management team combine a wealth of experience and eneurial flair with an enthusiasm and uitment to its continued success.

With this growth comes the need to recruit a No. 2 to the Finance Director to play an integral part in the future of the business.

The role, working alongside the Finance Director, will be isising closely with operational management and your brief will be to provide support to senior manage through clear financial leadership. Your responsibilities will encompass:

oment of financial reports so as to fair and balanced portraval of bu

Lizising with operational ma financial advice for commercial decisions Optimisation of cashflow manage

£ Substantial Package

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Responsibilities for improving management info systems to facilitate tight business controls. Proactive management of the accounting team.

The successful candidate will encompass the following Technically strong qualified accountant who can

Proactive decision maker who has the maturity and credibility to challenge the norm.

First class interpersonal skills with the ability to develop strong relationships by demonstrating a

hands-on approach.

The desire and drive to fulfill your ultimate

The company offers an unrivalled opportunity to become involved in an exciting growth sector. Should you feel that you possess the qualities to meet this challenging opportunity, please telephone Keith Mackenzie on 0181 232 9204 to discuss it further or forward your lum vitae to him at Michael Page Fu Europa House, Church Street, Old Isleworth TW7 6DA or fax on 0181 847 5703.

Michael Page Finance

Specialists in Financial Recrui

GROUP FINANCE DIRECTOR

Outstanding Growth Orientated Opportunity

M4 corridor

Package to £90,000 + Equity

Our client is an innovative, venture capital backed network systems integrator, formed by the recent merger of three companies, with a turnover approaching £20 million. Their operations include cabling, network design and management, consultancy, installation and product supply and there are plans to expand this via future strategic acquisitions. An opportunity now exists for a Group Finance Director to continue the current integration process and develop plans for the group's future growth.

- Work closely with the Group Managing Director to establish and deliver the corporate strategy
- which includes ongoing M&A activity. Provide a significant input to the general management of the organisation, assisting all members of the board and management team on commercial matters.
- Day-to-day management of the finance function. including project/job costing, MIS, reporting, forecasts, treasury, tax, audit, etc, plus company secretarial duties and investor relations.

- Qualified Accountant, currently the Finance Director or No. 2 in a fast growth, sales driven organisation with experience of establishing developing systems and procedures and excellent team management skills.
- Strong commercial awareness will be combined with the ability to establish relationships, both internally and externally, at all levels.
- This position will require a flexible style with an innovative yet pragmatic approach and the ambition to succeed in a dynamic organisation.

Interested candidates should write enclosing full career details, current salary and where possible a daytime telephone number to John Anderton at Questor International, 3 Burlington Gardens, London W1X 1LE. Fax 0171 287 5457. E-mail lisa@questorint.com Please quote reference 2347.



QUESTOR INTERNATIONAL

FINANCE DIRECTOR

A Key Strategic Role

Reading

c £70,000 + Bonus + Bens

Our client is an entrepreneurial group of service businesses, comprising a high profile and autonomous division within one of the UK's leading quoted companies. With a turnover of c£200 million and employing nearly 4,000 people, the division has diverse operations throughout the UK. There is a requirement to appoint a highly commercial Finance Director to play a full part in its continuing growth and development.

THE POSITION

- As a member of the small executive team, assume responsibility for the financial and commercial management of the division, reporting to the Managing Director.
- Provide ongoing strategic input to the direction of the businesses, promoting change and accelerating business processes and culture improvement.
- Leading a highly focused divisional team, manage the interface between the operations and group

QUALIFICATIONS

- · Graduate qualified accountant, aged mid 30's to early 40's, with strong commercial and line management experience, having a track record of strategic input.
- Proactive and energetic style, capable of communicating effectively with all levels of a diverse organisati
- Enthusiastic and involved promoter of change, with the strength of purpose to assume ownership and act independently.

Interested candidates should write, enclosing full career and current salary details, to the advising consultants, Jon Boyle and Debra Hewitt, at Questor International, 3 Burlington Gardens, London W1X 1LE, please quote reference 2337. Tel 0171 292 8300. Fax 0171 287 5457. E-mail: jon@questorint.com



QUESTOR INTERNATIONAL

DIRECTOR OF FINANCE

The British Screen Finance group (which includes the European Co-production Fund, The Greenlight Fund and The Sales Company) is looking for a motivated qualified accountant with experience of the film industry and/or related media industries. The group invests annually £13 million in 18-20 feature films and £1 million in film development.

Reporting to the Chief Executive and board, the successful applicant will be responsible for:

- the total financial operation of the group
- forecasting, business planning, cash management and IT
- · performance reporting, film investment appraisal and statutory accounts
- · shareholder, government and industry relations

The individual will head a small finance staff and should be sympathetic to the objectives of the group. This is a senior management position for an individual with considerable postqualification experience, who should be able to contribute significantly to the development

Salary c£60,000 + car + benefits

Please apply with a full curriculum vitae to: Simon Perry Chief Executive **British Screen Finance Limited** 14-17 Wells Mews London W1P 3FL



Hamburg

£Competitive Salary

The Company

As a leading international reinsurer of medical, personal accident, life and special risks reinsurance capacity across more than 42 countries worldwide, ESG Re is currently undertaking an ambitious expansion programme and we are looking to recruit a seasoned Director of Finance with proven US GAAP experience, to be based out of our corporate head office in Hamburg, Germany.

A high profile position reporting to the Chief Financial Officer, you will be responsible for controlling all accounting functions across the group and which will encompass: Production of budgets, business plans and ensuring their compliance

Production of timely and accurate consolidated monthly US GAAP reporting and

 Preparation of production of monthly external and internal reports (SEC reports) Laison with public accountants and tax authorities

Timely and accurate accounting with all participants in the reinsurance of our business

The Appointee

A graduate with an recognised accounting qualification or MBA, you should be able to demonstrate a minimum of three years front line US-GAAP accounting experience and SEC reporting (preferably with a listed US company) with a working knowledge of German accounting principles. As an international organisation, there will be some international travel and whilst not essential, a knowledge of German would be helpful.

To apply please write enclosing your CV and current salary details to our recruitment advisor, Heidi Cohen, Hays Accountancy Personnel, 14 Great Castle Street, London, W1N 7AD. Tel: 0171 436 9964. Fax: 0171 436 8385.

<u>Hays</u>

Hays Accountancy Personnel

W) RLD COM

OUTSTANDING COMMERCIAL OPPORT

LONDON

With revenues in excess of \$7 billion, (based on Q3 1997 revenue), WorldCom International is one of the world's largest and most dynamic multinational telecoms companies. Formed after the merger of WorldCom, MFS and UUNET, its mission is to be the premier supplier of telecommunications services to businesses worldwide.

Due to rapid expansion, a number of outstanding opportunities have arisen in two newly created finance functions. These are the International Reporting Group and the Capital Group. Both functions require the highest-calibre and most ambitious accountants. They will range in experience from newly qualified accountants to fully qualified accountants with up to five years commercial experience, preferably in the telecommunications sector. Successful candidates will have good business acumen combined with strong MIS and interpersonal skills.

http://www.robertwalters.com

- Key responsibilities in the International Reporting Group include:
- monthly management accounting managing budgetary and inventory control
- financial analysis
- balance-sheet ratios and cash-flow statements
- · ad hoc reporting on the main company costs Key responsibilities in the Capital Group include:
- development of systems to track and record the capital expenditure
- significant levels of ad hoc project work
- extensive international liaison with senior financial staff · accurate and timely reporting of financial commitments

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\$30K-50K BASIC SALARIES + BONUS + BENEFITS

These challenging and varied positions represent superb opportunities for highly talented and ambitious accountants to contribute to one of the most successful organisations of its kind. You will be a graduate and a fully qualified accountant, with a proven track record of achievement. Telecommunications experience is a strong advantage but not a prerequisite for these roles.

Remuneration and career opportunities are, as expected for a company with

Interested candidates should apply to Alan Lynch enclosing an updated Curriculum Vitae to Robert Walters Associates, 10 Bedford Street, London WCZE 9HE. Tel: +44 (0)171 379 3333. Fax: +44 (0)171 915 8714. E-mail: alan.lynch@robertwalters.com



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FINANCE

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Can you change the way we work? Outstanding opportunity for an experienced Audit Manager

Price Waterhouse in London or New York

Price Waterhouse has an outstanding reputation for professional leadership. Our clients include many of the world's top-tier organisations and demand from us leading -edge solutions to their complex business problems. We are constantly seeking new ways to work with our clients to meximise the effective use of resources and add value to our professional services.

Audit work is core to our business strategy for the new millenium and we have re-engineered our approach to embrace new developments both in technology and in the way we work with clients and with each other. These changes put us at the forefront of audit methodology and provide an ideal international platform for aggressive growth.

A key priority is the swift implementation of these new ideas throughout our office network. This will require energy, a sound technical grasp of auditing and the use of technology, along with flexibility, strong communication

£Competitive

skills and project management experience. You must be an experienced Audit Manager with a background in one of the major firms. The international nature of the role requires that you be equally at home in the US as in Europe and can work well with teams drawn from a range of backgrounds and cultures. Previous international experience would therefore be very much to your advantage.

This is an exciting opportunity to play a key part in the development of our business, presenting a unique challenge at the heart of one of the world's leading advisory firms. This high profile role will present outstanding opportunities for your personal development and career enhancement

Interested candidates should send a comprehensive CV to: Charles Macleod, Price Waterhouse, 32 London Bridge Street, London SE1 9SY. Fax: 0171 939 3131. E-mail: Charles_Macleod@europe.notes.pw.com

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Price Waterhouse is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

MANAGEMENT **ACCOUNTANT**

Essex

Excellent Package

drinks industry, is seeking to take on an enthusiastic accountant of one of their principal operating sites, based in Essex. The company is a major player in the world's spirits industry, producing leading brands of Scotch Whisky, Gin and

Our client, a mojor plc within the

Reporting to the Financial Controller, you will be a key member of a small, committed team, dedicated to improving customer service. The key responsibilities of this challenging role include:

- Co-ordinate month end activity including the development of Key Parformance Indicators;
- Implementation of new systems and procedures; Working in pannership with
- Business Managers, providing financial and business support: Analysis and approisal of commercial projects and new

susiness opportunities.

The evolving nature of this role will suit a results and customer crientated availihed finance professional with excellent

variety and challenge in their

You will possess the following:

- Proven track record of success; · Excellent analytical, influencing
- and communication skills; Ability to provide commercially driven solutions to business
- problems; Strength of personality coupled with proven leadership skills and the expertise to flex management style where necessory.

interested candidates should contact Richard Baker ACMA or Paril Kotecha at Harrison Willis on 01727 840660 (evenings 0973 226749 or 0956 935919 respectively). Alternatively, details can be faxed on 01727 840662 or posted to 47 London Road, St. Albans, Herts Al.1 1L. E-mail: st.albans@hwgroup.com Internet: http://www.hwgroup.com

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INVESTOR IN PEOPLE

FINANCE DIRECTOR

WEST LONDON

Accuracy, dependability and reliability are features inherent in the companies which form Kidde International, a division of a leading UK based corporation. The companies of Kidde International occupy a world market leadership in the supply of fire detection, fire suppression and safety control systems for aircraft, ships and vehicles, as well as industrial, commercial and consumer applications. This is a truly global operation, turning over in excess of \$700 million.

The need has arisen to appoint a commercially minded Finance Director to a business unit specialising in the aerospace and military vehicle industries. Turning over 522 million with 200 employees, you will report to the Managing Director and have a dotted line to the Sector Finance Director.

Leading a team of eight, you will be responsible for:

- the provision and interpretation of accurate management information to enable effective business decisions to be taken
- budgeting and forecasting together with comprehensive performance analysis
- statutory returns, audit and monthly packs satisfying sector, divisional and group
- management, motivation and development of the finance team
- management of internal cost efficiency projects
- ad hoc projects as requested by the Managing Director and operating Company Executives The successful candidate will be a graduate professional accountant with a minimum of five years post qualification accountant including solid exposure to a manufacturing environment. Knowledge of MOD/DOD accounting would be advantageous.

C. £45,000 + CAR + BENEFITS

Personal qualities must include excellent interpersonal skills, a practical approach and a "can do" attitude, which will provide a strong role model for the team; your proven track record and commercial acumen will be positively applied to assist the business achieve substantial future growth.

This is an outstanding opportunity for an ambitious and talented individual to join a highly successful operation within a parent organisation that has in excess of 30 operating companies in 11 countries.

Interested applicants who feel they match these requirements should forward a detailed Curriculum Vitae, stating current salary package, to Kacey Young or James Bacon at Robert Walters Associates, 10 Bedford Street, London WC2E 9HE. Tel: 0171 915 8867. Fax: 0171 915 8714. E-mail: james.bacon@robertwakers.com



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Young Talient with Potential (permaneur tentine) 3 to 10 years POE Grainate ACA/CIMA/ACCA with sophistanted M2 imperience or exposure office US lituational or Blue Crip environment feight trible. Partillant, with tight deadlines DRR end meeting the national of demanding interfeil artiforage increases. Conversion with big ticket if applications as a fundamental business process vehicle trainer that a mere efficience expedient) you will have the attributes or drive, incistveness details consciousness, forcess delivery and self-discipline, counted with the ability to see the bigger picture.

Being in the right place at the right time needs a third sible legrechent to translate into success? the relevant experience All tree as on hand for the success? candidate plus the added benefit of excellent property to the cost and quality really explaces the required origins being delivery to third, cost and quality.

"Seasoned" charged systems iterate accountants with "hands on" line corporate management experience. Technically strong and operationally experienced, but also worldly wise and object to handle charge whilst ensuring others are not threatened by It. Capable of instilling a polagiate ethos, you will comprehend both the user perspective and the business imperative to smooth our operational issues. Attributes sought and balance, maturity leadership, team-play and common-sense fused with the drive and realism to get the lob done.

Those interested should apply with a full CV, quoting reference 1925/FT. to Addan Wheale at Whaale Thomas Hodgins Pic, Executive Resourcing, 13 Berkeley Square, Ciffogs, Bristol, BSB 1HG. Forc. 0117 927 2315. interviews to be held in London.

Experienced Professionals (fixed term contract) to 20 years PQE

finance projects managér

finance professional managing information flow across Europe

Reading, to £45k + benefits

Our client is the leading provider of communication, entertainment and systems information equipment to the hotel sector and other business customers. With a growing business currently spanning 16 countries, their pan European operations have strong appeal for an increasing number of clients requiring a 'one stop shop' solution.

This new role offers an exciting opportunity for a Finance Projects Manager to contribute to this growing business. Reporting directly to the Divisional FD, key elements of

- to review current European financial and reporting systems and evaluate new system solutions to deliver current regularements and future development plans. to develop and manage the implementation process across Europe of the chosen board approved system. to ensure high quality management and financial information is produced to help drive the business
- The successful applicant will be a finance professional with excellent project management skills and experience combined with hands on implementation of packaged systems. Key qualities must include excellent communication and presentation skills, a focused approach and tremendous drive. This is a unique opportunity to join a forward looking and exciting division of a blue chip Plc.

Please apply by sending your CV and details on your current salary package to our retained consultant: James Topan, quoting reference number 1203, to Robert Half International, Princess Beatrice House, Victoria Street, Windsor, Berks SL4 1EH. Tel: 01753 857777.

As retained consultants, any CV's submitted directly to our client will be forwarded to Robert Half International,

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Midlands

Excellent Remuneration Package + Relocation + International Travel

A STRATEGIC ROLE IN A GLOBAL ENTERPRISE

Our client is a £multi-million tumover division of a significant international PLC. The company seeks to appoint a Senior Manager with the ability to take an influential role in

evaluating and optimising investments in major power projects. Reporting to the Group Director

you will be pro-active in the analysis of new business opportunities and optimisation of financial structures and tariffs for bid submissions. You will take a leading role in creating and managing the financial models both in-house and through external advisors.

This is a real opportunity suited to an ambitious accountant or business professional who can combine experience in investment appraisal techniques with knowledge of financing structures. Experience of working in a finance environment combined with strong IT and communication skills will be prerequisites.

Interested candidates should write promptly to Deborah Sutton at Harrison Willis, Grosvenor House, Bennetts Hill, Birmingham, B2 5RS enclosing a full Curriculum Vitae and quoting reference 027528. Telephone: 0121 633 0010. Fex: 0121 633 0862.

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PROJECT CONTROLLER



InterGen, an affiliate of the world's premier engineering/construction company Bechtel Enterprises, was formed in 1995 to develop, finance, own and operate power related projects. Currently the organisation has projects under construction in the United Kingdom, the Philippines, Mexico and Columbia. In just two years, InterGen has established itself as a leading international power producer with an asset base of \$US

InterGen is currently in the process of developing a combined cycle gas turbine plant near the Thames Estuary in Essex. Therefore an opportunity exists for a qualified accountant to join the organisation in this very high profile role, offering immediate responsibility and a wide variety of challenges. You would undertake the complete financial control of the project throughout its development, construction and operation. This would encompass reviewing facility agreements, management of finance risk, statutory and month-end reporting/forecasting and recruitment of a small accounting team.

£Attractive Salary + Benefits

Essex

Qualified with 3-4 years post qualification experience, you will possess excellent oral and written communication skills. With a high degree of commercial awareness and business acumen, you will be able to work on your own initiative and take on immerse responsibility at an early stage. Experience of relevant industries would be beneficial, but paramount is a natural drive and enthusiasm to rise to the challenge of this growing

To apply please write enclosing your CV and current salary details to our recruitment advisor, Wendy Bryan, Hays Accountancy Personnel, 1-5 High Street, Romford, Essex RM1 1JU. Tel: 01708 752878.

Hays

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ENANCE DIRECTOR

Autonomous and highly profitable, this building products manufacturer is a £30 million turnover subsidiary of a large, successful plc. Market driven and committed to world class manufacturing principles they have made significant capital investment to ensure that the growth potential of new and existing markets is maximised.

North East **Essex**

Appointed to the board, you will work closely with the Managing Director and play a key role in the strategic development of the company. Managing the finance, IT, purchasing and human resources functions, key objectives will include:

 Developing management information and promoting financial awareness throughout the business

 Organisational review to ensure that projected growth targets will be achieved Improving the quality of costing information within a fast changing environment and

providing the financial input to the commercial decision making process

+ FE Car

£45,000 + 20%

Performance Bonus

+ Pension

+ Healthcare

+ PHI

 Professionally qualified, you can demonstrate a successful career track record, including experience or knowledge of world class manufacturing principles.

 Self-motivated, pro-active and a team player you are able to instigate and manage change. Commercially asture, you combine strategic vision with a "hands on" management style.

To apply please write enclosing your CV and current salary details to our recruitment advisor, Nicola Bridges, Hays Accountancy Personnel, 36 Museum Street, Ipswich, Suffolk. 191 1JQ. Tel: 01473 215068.

<u>Hays</u>

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Developing innovative financial strategies

FINANCE DIRECTOR c. £45,000 London

INTERNATIONAL PROFESSIONAL INSTITUTION

Our client is a leading international Professional Institution serving its members in over 100 countries from a central London base. A progressive Institution, it is committed to providing members with the highest quality services whilst ensuring that the professional qualifications equip members with the skills and status required for success in the 21st century.

You will recognise the importance of developing innovative financial strategies as well as delivering high quality management information. You will have:

- Implemented major management reporting and accounting systems
- Excellent communication and influencing skills and be comfortable working at the highest levels
- Experience of contributing to the development of strategic business plans
- Managed finance departments in large and complex organisations

The ideal candidate is likely to be a qualified accountant (FCA), aged 40+ with a strong commercial background and a passionate commitment to member services; a multitasker, computer literate with strong technical skills acquired in a high volume business environment.

Interested candidates should write with full CV, quoting current package to Julian Morris, The Principle Partnership, 20 Craven Terrace, Lancaster Gate, London W2 3QH. Telephone: 0171 706 7887, Fax: 0171 706 7889, email jmorris@tpp.co.uk.



Director of Finance and Company Secretary

Civil Engineering Contractor

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A RARE OPPORTUNITY TO JOIN A VERY SUCCESSFUL COMPANY WORKING IN THE UK AND INTERNATIONALLY **EXCELLENT SALARY AND BENEFITS**

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Edmund Nuttall, established in 1865. has a turnover in excess of £200m and is an operating company of the £3.7bn European construction group, HBC, Hollandsche Beton Groep ny

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The Company's business sectors include: maritime; transportation; water; tunnelling; land rehabilitation; industrial and general civil engineering. THE POSITION

■ Reporting to the Managing Director Responsible for all aspects of financial management and control

■ Company Secretarial responsibilities Assistance in mergers and acquisitions

Responsible for raxation and information

technology ■ Treasury

QUALIFICATIONS

■ Qualified accountant, ideally with degree ■ Background in construction

Exposure to overseas contracting ■ Working knowledge of joint ventures

and/or partnerships

■ Experience of financial engineering. including PFI/DBRO

■ Hard working team member

Please apply in strictest confidence in writing, enclosing a CV, to Graham D. Medcroft, Director, Human Resources, Edmund Nurrall Limited, St James House, Knoll Road, Cambedey, Surrey GU15 3XW.

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Excellent Remuneration Package + Relocation + International Travel

A STRATEGIC ROLE IN A GLOBAL ENTERPRISE

turnover division of a significant international PLC. The company seeks to appoint a Senior Manager with the ability to take an influential role in evaluating and optimising investments in major power

Reporting to the Group Director you will be pro-active in the analysis of new business opportunities and optimisation of financial structures and tariffs for bid submissions. You will take a leading role in creating and managing the financial models both in-house and through external advisors.

This is a real opportunity suited to an ambitious accountant or business professional who can combine experience in investment appraisal techniques with knowledge of financing structures. Experience of working

combined with strong IT and communication skills will be prerequisites.

Interested candidates should write promptly to Deborah Sutton at Harrison Willis, Grosvenor House, Bennetts Hill, Birmingham, B2 5RS enclosing a full Curriculum Vitae and quoting reference 02/528. Telephone: 0121 633 0010. Fax: 0121 633 0862. birmingham@hwgroup.com

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Chetham's School of Music Bursar

c.£35,000

Chetham's School of Music, located in the heart of Manchester, is renowned as one of the foremost specialist schools for musically gifted pupils. Around 90% of our students board during term time. The school also provides the academic education for the choristers of Manchester Cathedral. The present Bursar is due to retire and we are looking for a successor.

The focus of the role is to manage the day to day financial affairs of the School, liaising between parents and the DFEE. There is a need to provide historic accounts of performance and future forecast of income and liabilities. Working closely with the Headmaster and the Director of Music, the Bursar is responsible for the management and implementation of the development plan for property and plant. There is a small supporting

Manchester

team of staff and an established computer information system.

Interested applicants should be qualified accountants with the knowledge to handle the computerised systems. Experience in a similar position is preferred. Further details are available

Applicants should write to The Headmaster, Chetham's School of Music, Long Miligate, Manchester M3 1SB enclosing a CV and the names of three referees. Contact may be made by e-mail to HullahP@aol.com

Applications should arrive no later than 16 December 1997. Interviews will be held on 13 January 1998.



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National Australia Group Europe Ltd is one of the largest and most successful banking groups in the World, employing over 45,000 people in more than 2,000 branches and business outlets Worldwide. European operations include the Ctydesdale, Yorkshire, Northern and National Irish Banks.

Reporting to the European Head of Tax, an exceptional opportunity has arisen to join their Taxation advisory team in this project-driven role which will encompass the following:

Evaluation of tax based structures and their suitability for the group.

Pro-active tax advice on transactions/products within Corporate Banking, Capital Markets, Specialised

The successful candidate, probably aged in your 30's will be a qualified accountant with strong UK and International tax experience and will have a demonstrable track record in completing cross border transactions. Strong communication skills are essential as is the ability to liaise effectively with senior management.

For further details contact Jane Braithwaits at Douglas Llambias Associates on 0171 420 8000 (evenings/weekends 0976 964932) or Fax: 0171 379 4820. E-mail: info@llambias.co.uk or write to Douglas Llambias Associates PLC, 10 Bedford Street, London WC2E 9HE. Applications sent direct to National Australia Group Europe Ltd will be forwarded to DLA.



DOUGLAS LLAMBIAS ASSOCIATES RECRUITMENT CONSULTANTS



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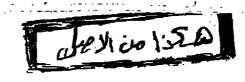
Our client is a successful food company which operates throughout the UK. Profitable and with a turnover of approximately £50m they have ambitious plans for dramatic future growth and alm to become a major player in their market. To capitalise on their investment they are seeking to appoint a Financial Director to laced the company to flotation to ligite 1998.

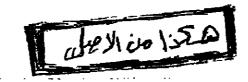
Working closely with the Chief Executive and taking an active role in managing the growth of the company, you will ensure that systems, controts and procedures are in place to enable turther expansion of the business. You will also be heavily involved in front-end negatictions with external advisors to ensure the successful flotation in the near tuture.

To succeed in this challenging yet demanding role you will need to be obta to demonstrate a track record of achievement in your

career to date. As a graduate with experience gained from a "Big 6" firm, your commercial exposure will have been at board level; either as a finance director or in a corporate finance advisory role; where you have developed your presentation and influencing skills. This is not a role for the faint hearted as you will need to possess high levels of drive, energy and commitment. In addition to an attractive remuneration package you will be rewarded with generous

Please send full personal and career details, including current remunaration level and daytime telephone number to Nell Holmes, Coopers & Lybrand Executive Resourcing Ltd., Harmon House, 1 George Street, Uxbridge, Middlesex UBS 1QQ, quoting reference NH652 on both envelope and letter.









INVESTMENT BANKING

C++/MATHS

\$30K - \$50K + BONUS + BENS

Derivatives Research and Development group of this Global Leading Investment Bank seeks a Programmer with strong mathematical skills. Acting as an interface between IT and the Quantitative Team, you will build pricing models, and provide analysis and design expertise. A first or 2.1 degree is essential coupled with a minimum of 18 months C++ expertise. Good opportunities to develop your quantitative

NT/C++/SQL SERVER \$30K - \$50K + BONUS + BENS

Senior Developers required for mission critical development based on the Equities floor of this leading European Investment Bank, A minimum of 12 months C++/SQL Server experience is essential, coupled with strong communication skills and some knowledge of Investment Banking. This is a wonderful opportunity to join an equities team at a time of significant expansion. Rapid career growth for the right candidates.

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World leading Investment Bank seeks Financial Engineers with strong programming and numerical skills. You will assist with the modelling of F.X. volatility's and the quantitative analysis of historic and implied volatility's between currencies. You will also develop models to improve risk management. Strong numerical, programming mmunication skills are absolutely essential.

STOCHASTIC CALCULUS **£40K - £60K + BONUS + BENS**

Premier Investment Bank seeks a Quantitative Analyst with a first-class educational background and a good understanding of Stochastic Calculus. You will provide research for Derivatives Traders, build and design pricing tools and provide risk analysis. Outstanding opportunities for top quality candidates who seek new and exciting challenges.

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Fixed Income Research and Development group of this Global Leading Bank seeks Financial Engineers and Quantitative Analysis who possess strong mathematical and financial skills. Liaising with Traders and Senior Quantitative Experts, you will build analytics tools and risk analysis for the Traders. A Ph.D. or financial qualification is essential coupled with good programming skills.

EQUITY DERIVATIVES

MANAGER with significant front office experience and a good understanding of client server technology. Strong Equities knowledge is a must as you will be required to llabe between the business and technology. A strong educational background coupled with extensive project ma experience is essential. A FRONT OFFICE DEVELOPER with strong VBA/EXCEL and numerical skills is also required, situated on the trading floor, you will provide technical and iness solutions to traders and sales people.



The people the City turn to first.

Many of our clients also offer Contract opportunities requiring the above skills This is just a small selection of the quality positions we have available. To discuss your options cell Paul Wilkins on 0171 287 2525 or lax your CV to us on 0171 287 9688. Or alternatively, please write to us at ARC Recruitment, 15-16 New Burlington Street, London W1X 1FF. E-mail: arc@itjobs.co.uk

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Finance

ADVISOR

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City to \$55.000 - Ca

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ACCURATE STA

CITY BASED TO £60,000 + BONUS

As one of Europe's leading banking and broking institutions our Client has an enviable reputation for Investment Research. ally within the Equities Market. Due to expansion of their team they now require two Quantitative Analysts to work within the Equity Strategy group developing mathematical models for pricing of UK and international equities. You will also be expected to provide various statistical information on an ad-hoc basis when equired. You will be a graduate with a mathematical physics, natistics or econometries degree, ideally with a years' experience in the City markets. Proven experience of Java, C++ or Visual Basic is highly desirable. This is an induction program for new people incorporating the appropriate financial markets courses.

DOCKLANDS TO £40,000 + BANK BENEFITS

Our Client is one of Europe's most prestiguous banking mis management. As part of a planued expansion program they are now looking to recruit business analysis with 2-3 years business analysis experience stained in a banking or financial consulting gro sury, Securities and Pla Accounting. The role will include requirement evaluation, project planning and testing and the implementation of all phases of project development. You will be of graduate calibre and probably come from a technical background using client server and relations database technologies. You will be self motivated and have proven tion and presentation skills. Long term career ties are excellent as is the chance to travel to other offices

INVESTMENT BANKING £50,000-£65,000 + BANK BENEFITS

Our Chent is a truly integrated investment banking organisation operating globally across a wide range of financial markets. These groupwide strategy incorporates major developments across treasury products, interest rate derivatives, securities and equities. Wat a massive communent to IT systems they are currently looking for exceptional people with a proven record in Project delivery and Object Orientated Systems, RDBMS (especially Sybase and Sound the systems required to drive these projects to a successful to. Ideally you will have a magnetate degrees and a banking, management consultancy or a Systems/Product supplier.

DERIVATIVE ANALYST DEVELOPER CITY BASED TO £40-60,000 + BENEFITS

commodities trading firm providing the full range of activities melading. Equity Trading, Capital Markets, Securities, Corporate Finance and Fund Management. Their fixed measure trading group specialising in a wide range of developments including Emides and will be working closely with the Quantitative group implementing pricing models and valuation techniques in a C and C++ environment. You should be able to demonstrate a gound knowledge of Fixed lacome, Equines, FX or other associat gained in either another investment banking or Cay software product supplier. Proven expensence of C or C++ is essential, Sytuse rule is highly desirable. Ideally a graduate, you will have 2-4 years expensence and be looking for a move into one of the most innovative and

For further information on these and other positions please contact Rod Mackenzie at Zarak Group Technology on 0171-523 3720. Fax on 0171-523 3721 (01279-725683 evenings and weekends) or write to him at 37 Sun Street, London EC2M 2PY. E-mail rmackenzie@zgt.zmb.co.uk ZARAK GROUP





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GROUP HEAD OF IT

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Our client is an international electronics group with interests in all areas of the world, particularly Europe, Asia and the Americas. With a turnover in excess of £500 million, healthy profits and a clear strategy for growth. there is currently a requirement for an outstanding individual to facilitate the implementation of best practice IT solutions across the group and within the operating companies.

THE POSITION

- · Work with the group management board and divisional heads to establish IT strategies which deliver competitive advantage.
- Manage the delivery of individual projects such as worldwide communications and integrated
- manufacturing solutions. Identify/establish centres-of-excellence throughout the group and enable the sharing of
- local capabilities. Directly manage head office IT staff and provide
- thought-leadership and mentoring to staff around the world.

- · Experience gained in an internation.!, multi-site manufacturing environment, with broad technical knowledge and practical project management skills.
- A strong commercial awareness will be coupled with the interpersonal skills required to influence at all levels within a complex organisation.
- The ability to deal with the cultural issues associated with multi-national organisations is essential and French or German language skills would be an advantage.

Interested candidates should write enclosing full career details, current salary and where possible a daytime telephone number to John Anderton at Questor International, 3 Burlington Gardens, London W1X 1LE. Fax 0171 287 5457. E-mail john@questorint.com. Please quote reference 2345.



Leading Investment Bank

EUROPEAN TECHNOLOGY MANAGER

Infrastructure/Fixed Income

SIX FIGURE PACKAGE/CITY

Pre-eminent and highly regarded investment bank. Leader in global finance and investment. Represented in 33 countries by more than 15,000 employees.

The European Fixed-Income business is the bank's largest business unit and is a clear leader in this field. Technology is a key business driver and its effective deployment is critical for continued success in this market. THE POSITION

- Develop and implement infrastructure plan for the European Fixed-Income Group.
- Identify and articulate business requirements. Plan, scope, prioritise and initiate projects.
- Manage vendors. Implement and monitor SLAs. • Control substantial budgets. Establish strong
- relationships with business managers. OUALIFICATIONS
- Outstanding IT manager with demonstrable business flair combined with technology expertise.
- Graduate calibre. Thorough knowledge of investment banking gained in a banking or management consultancy environment. Fixed income experience ideal.
- First-class communication skills. High levels of drive, energy and enthusiasm. Credible at all levels.

SAINTY HIRD & PARTNERS



Picage send a full cv and current salary details, quoting reference 97117(F), to SHP Associates, Aldermary House, 10-15 Queen Street, London ECIN 1712, Teh 0171 815 8888. Face 0171 815 8800.

DEVELOPMENT MANAGERS

to £120,000 + Benefits

Our client enjoys an enviable reputation as one of the world's leading investment banks. To sustain and accelerate the momentum built by their successful trading performance, they are determined to attract and develop business-oriented technologists with drive and vision. They are currently seeking to recruit hands-on Development Managers possessing appropriate development, project management and man-management skills to turn commitment into reality.

The roles are to join a specialist team working on systems, architecture and technology delivery to specific business areas. Reporting directly to the Head of IT, you will be tasked with the ownership and delivery of business-oriented projects, providing both a centre of technical excellence and sponsorship combined with the commercial mind-set to deliver competitive advantage

It is likely that your experience will have been gained in a software house or consultancy environment. You will have a proven track record in systems delivery and an in-depth hands-on understanding of the development life-cycle. The group has a 3-tier technical environment deploying Microsoft technology against a Sybase back-end. It is preferable that you have demonstrable experience in these areas. In addition, a history of some/any of the following will be advantageous: C++: OO; real-time development; Corba; Java; HTML: Internet skills; NEON; transaction processing; third-party applications. Key to those roles is your track record of project and man-management, as well as developed communication skills which allow you to work in tundem with users to propose and deliver relevant solutions.

Previous financial markets experience is of particular interest to our client - especially if you have delivered Money Markets/FX or interest rate derivatives systems. However, if you can demonstrate significant experience as above and are committed to take time to learn about financial markets business issues, you will be of equal interest to the organisation. For further information about these roles, please contact Karen Higgins, quoting reference KHFT223, on 0171 247 7444. Alternatively, send your CV to McGregor Boyall Associates, 114 Middlesex Street, London E1 7JH. Fax: 0171 247 7475. Email: khiggins@mcgregor-boyall.co.uk or visit our web-site at www.mcgregor-boyall.co.uk

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Our chent is a fast growing niche player in the Derivatives and Risk Management Market. It provides justines consultancy and technical solutions to the banking and finance sector globally. The tremendous success and growth of the company has resolved in the creation of a number of excellent opportunities and therefore the need to identify

These posttons will involve working with the risk management and derivative trading areas of major banking institutions, analysing and defining their business requirements and recommending and delivering appropriate solutions.

You will have worked for a bank, closely involved with the risk management or derivative trading function. Your current responsibilities melade supporting the business technically, providing modelling and pricing support or developing and suplemations to took and systems for managing risk.

You will have at least 2-3 years' experience in one of the following areas: Derivatives including Swaps and Options

Equity Derivatives

- Market Risk
- Credit Risk

You will be well qualified academically and have good interpersonal skills with the ability to communicate effectively at all levels. A high degree of professionalism and enthusiasm with a delivery-oriented

These positions will be well rewarded and may involve internation travel. This is a good opportunity to join a young growing organisation with excellent career potential.

If you are able to meet these challenges and have the qualitate and caperisence to realise these career opportunities, please send your CV to: Alan Sammers, quoting reference FT1281, at S&H Consulting Limited, Lloyds Ave House, 6 Lloyds Avenue, London EC3N 3AX. Tel. (0171) 481 1171. Ermail - SHConsult@nol.com



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Training and Development Consultants

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Our client is experiencing major growth within the finance sector and wishes to recruit business practitioners company. They may also be required to help implement change management programmes from the HR who have the ability to pass their knowledge on to others and direct change in this demanding business sector. Strong project management, consultancy and communication skills are therefore a must. Applicants should come from the following business areas and be able to demonstrate a broad level of exposure within their chosen market segments:

- Insurance
- Investment Banking

Additionally our client is keen to recruit people with working knowledge of the impacts and opportunities presented by Economic & Monetary Union.

The assignments will vary from managing corporate awareness & communication programmes, training operational people within an organisation through to educating senior Managers and Board Members. Candidates should therefore be confident, credible and happy when operating at all levels within a

perspective and need to be strong tacititators with the potential to develop into change leaders

- As well as experience in the above sectors candidates should also be able to demonstrate:
- Mobility
- Professionalism
- · Willingness to work hard to get results
- Ability to work effectively within a team environment and on an individual basis

These opportunities will involve some travel both in the UK and world-wide. Positions are open to permanent and contract professionals. Packages offered reflect the skills, experience and attitudes of

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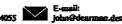
PROJECT MANAGER / ANALYST



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The division is responsible for the developmen ance and roll-out of the 'core' Midas back office banking products, and these individuals

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- Llaising with many areas of the business including the product marketing team and the banking consultants to ensure all new developments are meeting the demanding
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Successful candidates

- You will have two of the following:
- Strong business analysis skills gained within the banking environment
- Proven system design skills within an

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Our client is an established investment manager within one of the TW's largest financial services groups, employing some 2000 people in the UK and overseas. The first manages a range of funds for both individual and corporate investors. They have long recognised the importance of both the IT and the investment businesses working together, and therefore, this important new management role has been created to strengthen the team, in readiness for the introduction of new and improved services to support planned business growth.

Current technology is based on a powerful PC LAN, connected to the group WAN. Client-server systems using relational databases are being developed to interface with existing package and customised applications. The longer term technical strategy is currently under review and the appointee can expect to be involved in its development and implementation.

Reporting at board level, the IS Manager will be responsible for all aspects of information systems and technology for the investment management business, including development, operations and support functions. The role offers the opportunity to lead the development and implementation of systems and technology strategies, aligned with the business strategy.

You will have IT management experience in an investment management organisation, providing you with a good understanding of the modern investment business, coupled with ideas on how to drive business improvement through the use of technology. Excellent leadership and presentation qualities will be essential for the success of the role.

> Please write with a full CV, to Megen Muller at Ainsworth & Associates, 3 Onega Gate, Greenland Dock, London SEI6 IPR. Telephone (0.71-252 25/1, Fax: 0171-252 3074.

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The Financial Times plans to publish FT-IT on the following dates in 1998.

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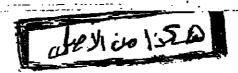
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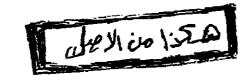
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mion operating across a wide range of financial markets. Their groupwide strategy incorporates major developments across treasury products, interest rate derivatives, securities and equines. They now require a MARKET RISK MANAGER to head a team of between 20-25 technology specialists based in London and New York to measure and monitor market risk for

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daytime telephone number, to David Tod BSc FCA quoting reference D/322/F.

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To meet the considerable challenge offered by this position, you will need a banking or consultancy background, along with a sound business and operational understanding of risk management. Highly refined inter-personal skills will be vital as you will need to work closely with existing and new clients and will be key player in our ambitious programme of

The rewards on offer reflect the status of this role and, once your presence is established, there will be opportunity to develop your own team and have a significant impact in the growth of our business.

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For more information, please contact Claire Cidney on 0500 516151 anytime during business hours or speak to our Managment team directly between between . . 6pm and 9pm on Wednesday 3 December.

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The successful candidate should have the following qualities:

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- a sound grounding in I.T. terminology and concepts a positive attitude to embracing new concepts
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All applications will be treated in the strictest confidence.



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